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Toyota complaints reach Japan

By Mariko Sanchanta And Juro Osawa

TOKYO—**Toyota Motor** Corp.'s burgeoning crisis hit Japan Wednesday as the transport ministry asked the car maker to investigate 14 complaints related to the newest Prius hybrid model, the best-selling car in the country last year.

While the number of complaints is tiny compared with those rocking the auto maker in the U.S., and no fatalities appear to be related to the issue, the new reports—and the heavy coverage in a Japanese press that has given fairly light coverage to Toyota's recent woes—suggest a new front in the auto maker's public-relations battle to salvage its reputation.

Until now, Japan, where Toyota's global domination has been a matter of national pride, has been relatively sheltered from the Toyota recalls around the world.

Underlining the car maker's dominance in the country, nearly half of all new passenger vehicles sold in Japan in January were Toyotas, according to data released Monday by the Japan Automobile Dealers Association. And Toyota's year-to-year growth in Japan outpaced the market in the same month its sales dropped in the U.S.

Altogether, Toyota said it was investigating dozens of complaints received late last year of a possible defect in the brakes of its popular Prius hybrid model in North America and Japan. Customers complained that the brakes were slow to respond on bumpy or icy roads.

Meanwhile, U.S. Transpor-

Please turn to page 18

Bottlenecks in aid stir unrest in Haiti

Agence France-Presse/Getty Images

Foreign aid workers say ample donations are arriving in Haiti, but food and medicine aren't being distributed quickly enough. 'The situation is just madness,' one doctor said. Above, a demonstration Wednesday in Port-au-Prince. **More at WSJ.com/World.**

Patents in China hit record last year

By Loretta Chao

BEIJING—China said it issued a record number of patents in 2009, but concerns are growing that new patent regulations and other initiatives may damp that growth.

China's State Intellectual Property Office said Wednesday that it issued more than 580,000 patents in 2009, up 41% from a year earlier. The office also said it is working to increase public awareness of intellectual-property-rights protection and to "further improve the level and quality of patent applications" in China.

But multinational companies in sectors ranging from information technology to pharmaceuticals say the government's efforts to boost China's local high-technology sector have spawned protectionist policies—and that this could crimp foreign companies' willingness to invest in cutting-edge technology development in China.

China revised its national patent law in October 2009 and then issued implementation guidelines in January, which went into effect Monday. The revisions were an at-

Please turn to page 18

Police arrest feng shui adviser

By Jonathan Cheng

HONG KONG—Police arrested Tony Chan, the feng-shui adviser who lost his claim on the multibillion-dollar estate of heiress Nina Wang, in relation to possible forgery.

Mr. Chan, a former lover of Ms. Wang, produced a will purporting to hand over her real-estate fortune to himself. A Hong Kong judge ruled Tuesday that the will was likely a forgery.

A spokeswoman for the Hong Kong police confirmed the arrest on Wednesday and said Mr. Chan hadn't been charged with any crimes.

The offices of Jonathan Midgley, a lawyer for Mr. Chan, didn't return a message left late Wednesday seeking comment.

Police arrested Mr. Chan in the early evening at his residence in Hong Kong's exclusive Peak area. The arrest, made by the police's commercial crime bureau, was in relation to a possible forgery, the spokeswoman said. Police said they also seized documents and computers from the gated residence.

Mr. Chan's arrest is the latest twist in a battle over a fortune that has extended for nearly two decades. Ms. Wang, who assumed her late husband's estate after a protracted legal battle with her father-in-law, was herself arrested by Hong Kong police for allegedly forging a will that turned her husband's fortune over to her.

After Hong Kong's highest court overturned that ruling in 2005, those charges were dropped and Ms. Wang was awarded the fortune.

Agence France-Presse/Getty Images

Tony Chan Tuesday in Hong Kong

Days after Ms. Wang's death from cancer, at age 69, in 2007, Mr. Chan presented a 2006 will that he said turned over Ms. Wang's entire fortune to him.

On Tuesday, Judge Johnson Lam called that 2006 will a "highly skilled" forgery, and instead affirmed a 2002 will in which Ms. Wang gave her estate to a charitable foundation.

Judge Lam called Mr. Chan's testimony during the four-month trial "disingenuous" and full of discrepancies, saying that he "lied and withheld relevant information from the court" about the drafting of the 2006 will. Mr. Midgley said Tuesday that Mr. Chan would appeal the verdict, calling it "inconceivable that that will is a forgery."

Mr. Chan, 50 years old, said his relationship with Ms. Wang began in 1992. Judge Lam was unpersuaded by the romance, and wrote in his decision that Mr. Chan had for years been exploiting Ms. Wang's superstitiousness and desperation to find her husband, who had been kidnapped, by offering feng shui expertise.

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THE WALL STREET JOURNAL.

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What's News—

* * *

Business & Finance

■ **Merger talks** between Japanese lenders Shinsei and Aozora are stalling over issues such as strategy and capitalization of the combined bank, complicating a key aim of their U.S. private-equity backers. Talks could slip past an October deadline. **19**

■ **South Korean prosecutors** arrested two executives at Applied Materials and an executive at Hynix Semiconductor on suspicion of stealing chip-making technology from Samsung Electronics. **20**

■ **The European Commission** put Greece under more pressure to slash its deficit, saying the country should have until mid-March to spell out its budget program. **3**

■ **Honda and Mitsubishi posted** improved earnings for the latest quarter, brightening the outlook for Japanese auto makers despite the troubles plaguing Toyota. **19**

■ **Ford said it isn't ready** to commit to a new passenger car plant in Thailand. **20**

■ **U.S. stocks fell** on Pfizer's disappointing outlook and a smaller-than-expected increase in U.S. service-sector activity. In Asia, higher commodity prices fueled gains in several markets. **27**

■ **An Australian judge dismissed** CSR's proposed demerger of its sugar unit, prompting speculation about whether the company will reconsider an offer for the business by China's Bright Food. **21**

■ **UMC and Siliconware** Precision returned to profit in the fourth quarter, suggesting the technology industry is recovering in tandem with the global economy. **22**

■ **Garuda plans** a $300 million IPO this year, putting an often-delayed offering by the Indonesian carrier back on track. **21**

■ **Sharp said** resurgent sales of LCD televisions helped it bounce back to a quarterly profit. **21**

Reuters

Thousands of opposition supporters took to the streets of Colombo, Sri Lanka, Wednesday to protest the results of the recent election. They say President Mahinda Rajapaksa's landslide victory over former army chief Sarath Fonseka was marred by fraud. After the rally, the protesters gathered to listen to speeches from other opposition politicians. Many observers have said the election, which Mr. Rajapaksa won by more than 1.8 million votes, was well-run.

■ **Mitsubishi UFJ** and Shinsei Bank returned to profitability as lower credit costs and market recovery underwrote a rebound. **25**

■ **Pfizer's quarterly earnings** more than doubled, but the drug giant gave financial forecasts that fell short of expectations. **22**

■ **Obama said the U.S. will push** China and other countries to open their markets, but he told Senate Democrats he wouldn't be in favor of revoking the trade relationship established with China. **6**

■ **The U.S. Senate passed** a resolution condemning cyberattacks against Google in China and urging Beijing to investigate.

■ **Esprit's first-half net fell 5.2%** as disappointing wholesale business offset the improvement in its core retail operations. **22**

■ **Time Warner moved** back into the black for the fourth quarter. The company saw strength in its film and networks businesses. **23**

* * *

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■ **A bomb killed** at least three U.S. soldiers and five Pakistanis in a corner of the northwest where Pakistani forces have struggled to subdue the Taliban. **4**

■ **Iran test-fired a new satellite** rocket and unveiled what it said were homegrown advances in its space program, a push that has worried Western officials. **7**

■ **An Iraqi appeals court** overturned a ban on hundreds of candidates for alleged ties to Saddam Hussein's former party, allowing them to run in March elections.

■ **China again urged Obama** not to hold a planned meeting with the Dalai Lama, saying it would further hurt strained relations between Beijing and the U.S.

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WORLD NEWS

EU backs Greek plan to reduce debt

By Adam Cohen And Sebastian Moffett

BRUSSELS—The European Commission Wednesday put Greece under more pressure to slash its deficit, saying the country should have one month to spell out its budget program for the year.

The tough talk on the euro zone's weakest nation briefly helped shore up the Greek government-bond market, but gains evaporated later in the day amid worries over other wobbling economies in the 16-nation currency union. The Athens stock market ended nearly 2% lower.

Portugal's government-bond market weakened, and Spain's was off as well. Portugal Wednesday saw low demand in a Treasury-bill auction and sold fewer securities than expected. The cost of insuring Portuguese debt against default hit a record. Spain raised its budget-deficit forecast for 2010.

Greece, though, remains the euro zone's most-troubled spot. The country recorded a budget deficit of nearly 13% of gross domestic product in 2009, far above the European Union's 3% limit.

The commission, the EU's executive arm, accepted a planned fiscal diet under which the Greek government has pledged to get its deficit below the 3% threshold by 2012. But the commission warned that further spending curbs and new taxes might be needed.

"We know that the implementation of this program is not easy...but we need to support it" and monitor it closely, economic-affairs commissioner Joaquín Almunia said at a news conference Wednesday.

The commission is concerned that Greece is relying too heavily on fixes like combating tax evasion, which could take a long time to bear fruit.

On Tuesday, Greek Prime Minister George Papandreou outlined more-concrete measures that appeared to provide some reassurance, saying he would freeze public-sector wages and impose higher fuel taxes. Researchers at Athens-based Eurobank EFG said this would yield €1.2 billion ($1.67 billion) in additional savings and revenue this year.

The plan drew complaints from the umbrella public-sector union Adedy; on Wednesday, the union confirmed plans for a previously announced 24-hour strike on Feb. 10.

"These measures won't be the last," Adedy President Spyros Papaspyros said. "Participation in the strike and in the demonstrations for next Wednesday will be decisive."

Still, many Greeks have come to accept the need for austerity. "It's easier when it's an order from Europe," said Giannis Lounas, a 30-year-old Athens surveyor. "The majority of people know that these measures have to be taken."

The commission's report recommended that Greece has until March 16 to outline how it will achieve this year's deficit target—8.7% of GDP. In previous cases in which countries have broken the EU's budget ceiling, the commission has never asked for so much detail so quickly, but Mr. Almunia said a rapid, credible plan is critical.

Budget cuts are essential for the country, which has seen its borrowing costs soar in recent months, prompting fears of default. Signs Athens might struggle to execute its budget plan could spur an even sharper selloff of Greek government bonds, further stretching the country's finances. Failure also could punish other euro-zone economies with large budget deficits, including Portugal and Spain.

Investors initially reacted positively to the commission's acceptance of the Greek plan, but much of enthusiasm waned later in the day. The spread between yields on 10-year Greek government bonds and the benchmark German government bond was at 3.47 percentage points late Wednesday in Europe, compared with 3.53 percentage points late Tuesday. In Portugal, the spreads jumped to 1.44 percentage points Wednesday from 1.25 points. In Spain, they edged up to 0.93 percentage point from 0.88 point.

The euro, which has weakened recently over worries about Greece, slumped further Wednesday against the dollar. The euro bought $1.3911, down from $1.3957 late Tuesday.

In its March report, Greece has to provide a clear timeline for its budget cuts and show it is "ready to adopt additional measures if needed," the commission said.

—Alkman Granitsas and Emese Bartha contributed to this article.

Back into good graces?

The European Commission says Greece's budget plan can be achieved, but is risky. Some of the commission's worries:

- The budget plan relies heavily on better tax enforcement, a chronic problem in Greece
- The plan lacks some details, which the commission wants to see by March 16
- Additional budgets might be needed if current plans don't work
- Pension reform is needed for Greece to avoid longer-term fiscal problems
- The commission also launched a legal case against Greece for a decade's worth of flawed economic data

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WORLD NEWS: ASIA

U.S. announces Helmand offensive

In unusual tactic, allies in Afghanistan issue press release describing next attack, in bid to intimidate the Taliban

By Michael M. Phillips

KANDAHAR, Afghanistan—In a rare break from traditional military secrecy, the U.S. and its allies are announcing the precise target of their first big offensive of the Afghanistan surge in an apparent bid to intimidate the Taliban.

Coalition officers have been hinting aloud for months that they plan to send an overwhelming Afghan, British and U.S. force to clear insurgents from the town of Marjah and surrounding areas in Helmand province, and this week the allies took the unusual step of issuing a press release saying the attack was "due to commence."

Senior Afghan officials went so far as to hold a news conference Tuesday to discuss the offensive, although the allies have been careful not to publicize the specific date or details of the attack.

"If we went in there one night and all the insurgents were gone and we didn't have to fire a shot, that would be a success," a coalition spokesman, Col. Wayne Shanks, said before the announcement. "I don't think there has been a mistake in letting people know we're planning on coming in."

The risks could be substantial, however. By surrendering the element of surprise, the coalition has given its enemy time to dig entrenched fighting positions and tunnel networks. Perhaps worse for the attacking infantrymen, the insurgents have had time to booby-trap buildings and bury bombs along paths, roads and irrigated fields. Such hidden devices inflict the majority of U.S. and allied casualties.

Over the past few months, the new allied commander in southern Afghanistan, British Maj. Gen. Nick Carter, has revamped NATO's coalition strategy in a region that is home to the Pashtun tribes and opium poppy fields that form the ethnic and financial foundations of the Taliban insurgency.

Reuters

A U.S Army specialist in Zabul province, in southern Afghanistan, waits as a helicopter takes off Wednesday.

With the first of 30,000 new U.S. troops already on the ground in Afghanistan, Gen. Carter's plan is to focus on two population centers—Kandahar city, in Kandahar province, and central Helmand province to the west. Combined, they are home to about two million of the estimated three million residents of southern Afghanistan.

Still, the military has taken an unusual step by broadcasting its imminent intention to assault a particular town, Marjah, and its environs. During World War II, civilians and servicemen were frequently reminded that "Loose lips sink ships" and "Enemy ears are listening." For months leading up to the D-Day landings on June 6, 1944, the Allies went to great lengths to disguise their target.

Similarly, the coalition in Afghanistan normally forbids—at the threat of expulsion—embedded reporters from writing about events before they take place. In this case, though, officials even released the name of the offensive, Operation Moshtarak, and said it would be a joint Afghan-coalition attack. Moshtarak means "together" in Dari, although the bulk of the population in southern Afghanistan speaks Pashto.

"This combined force will strike a victory for the future of Afghanistan," the coalition release said. It ended with the Arabic phrase "En shallah," or "God willing," a traditional refrain among Muslims.

At times, the U.S. took a similar tack in Iraq, signaling in advance that the 2007 troop surge there would focus on Baghdad. Likewise, Pakistan's military telegraphed its intention last year to attack insurgents in the Swat Valley and South Waziristan.

"It is a fascinating tactical decision to advertise an assault openly before it commences," said Michael O'Hanlon, director of foreign policy research at the Brookings Institution in Washington.

The foreshadowing has potential benefits, Mr. O'Hanlon says. If a substantial number of insurgent fighters choose flight over fight, the coalition and Afghan government score a relatively easy win—and the opportunity to brag about it to a public skeptical of its achievements.

"We're saying it out loud because of the strength of the inevitability of it," said Brig. Gen. Larry Nicholson, commander of the Marine task force that will form the backbone of the U.S. contingent.

Gen. Nicholson said the drumbeat of public comments about the impending attack has already persuaded community leaders in Marjah to meet with Afghan government and coalition officials. "People of influence don't want to be on the wrong side of this," he said.

Commanders would have liked to take control of central Helmand earlier, but they say they lacked sufficient forces to hold the terrain they might have won. Coalition officials say they aren't sure how many insurgents are in the Marjah area; they believe there are enough, however, that they have treated it as a no-go zone. As such, both sides know it is an obvious target for the new troops, Gen. Nicholson said.

With the surge forces in place, officials believe the coalition is strong enough to seize and hold the ground in central Helmand and help the Afghan government establish a toehold of legitimacy.

Limiting civilian casualties is a key objective of Afghanistan's top U.S. military man, Gen. Stanley A. McChrystal. Even if the Taliban choose to fight, the public warnings could give civilians a chance to evacuate the area, leaving a clearer field of fire for the Americans, British and Afghans.

That is what happened in 2008 in Garmsir, a Taliban-held town further south in Helmand province. The locals fled to the desert during a month of fighting between a Marine battalion and dug-in insurgents. With little reason to worry about civilian casualties, the Marines were able to use their superior firepower, including helicopter gunships and mortars, to oust the insurgents.

The battle left some buildings in ruins but gave rise to few claims of civilian deaths. As soon as the fighting stopped, the Marines set up an office to compensate civilians whose homes had been damaged, a practice likely to be repeated in Marjah.

Said Mr. O'Hanlon: "One advantage is that local populations will have been alerted to what we're doing, perhaps making them more understanding of the subsequent fighting—and more prone to share intelligence, if they believe we are planning to stay awhile after the assault."

Bomb kills three U.S. soldiers in Pakistan

By Matthew Rosenberg And Rehmat Mehsud

A roadside bomb killed at least three U.S. soldiers and five Pakistanis in a corner of northwestern Pakistan where Pakistani forces have struggled to subdue the Taliban, officials said.

Wednesday's bombing hit a convoy from Pakistan's paramilitary Frontier Corps in which the U.S. soldiers were traveling, the U.S. Embassy in Islamabad said in a statement. The Americans, two of whom were also wounded, were part of a mission training the Frontier Corps. The embassy said it is still learning precisely what happened.

The deaths were believed to be the first fatalities in the American effort to train Pakistani forces to fight the Taliban and al Qaeda. The mission has been openly acknowledged by U.S. officials but little publicized in an effort to avoid stirring up rampant anti-American sentiment in Pakistan. None of the trainers are supposed to be involved in combat operations.

The area where Wednesday's attack took place—the Lower Dir district—was one of the regions targeted in a massive Pakistani army offensive last year against the Taliban. The soldiers managed to push the militants from the district's roads and villages, and the army subsequently declared it and the neighboring Swat Valley cleared of Taliban fighters. But militants who holed up in the mountains remain active, and Pakistani officials said they were most likely behind the attack.

The target appeared to be the Frontier Corps convoy, which was carrying the Americans to the reopening of a girls' school recently renovated with U.S. humanitarian assistance, the embassy said. The blast in the village of Shahi Koto also "damaged the school building considerably," said Mumtaz Zareen, the district's top police officer. "It was a powerful remote-controlled bomb blast,"

Girls' schools are frequent targets of the Pakistan Taliban, which imposes a harsh version of Islamic law on territory it controls in northwestern Pakistan.

It wasn't clear how many of the Pakistani dead were from the Frontier Corps and how many were civilians.

Reuters

A man carries an injured boy at the site of Wednesday's bombing in Pakistan.

Witnesses reported a chaotic and bloody aftermath. "People are still busy pulling out the trapped schoolgirls and we were hearing their screams," said Muhammad Amin, who lives in the area, a few hours after the attack. "Dust is billowing from the site."

In the hours after the attack, there were conflicting reports on whether the dead Americans were soldiers or working for the U.S. Agency for International Development, the aid arm of the U.S. government.

The official hesitancy to immediately acknowledge the deaths of the U.S. soldiers appeared to reflect Pakistani sensitivities about the presence of foreign troops—particularly American ones—on their soil.

Unlike in neighboring Afghanistan, there are no American troops permanently based in Pakistan. Islamabad objected strongly to a U.S. Special Forces raid in an area near the Afghan border in September 2008. There is also resentment among ordinary Pakistanis about airstrikes by U.S. drone aircraft on militant targets in the northwestern mountains, although Pakistan's government and military cooperate with the campaign.

U.S. officials privately say some soldiers are in Pakistan to do intelligence work along with operatives of the Central Intelligence Agency, which has a history of collaboration with Pakistan's spy agency.

Still, the presence of uniformed American soldiers is a deeply contentious issue in Pakistan. Anti-American sentiment in the country has been fanned in recent months by news reports falsely accusing U.S. diplomats, aid workers and ordinary citizens of being spies or operatives for Xe Services LLC, the company formerly known as Blackwater Worldwide that has worked on security in Iraq.

WORLD NEWS

U.S., Russia agree on a nuclear deal

First such pact in nearly two decades would cut number of warheads, limit missiles and bombers that deliver them

By Jonathan Weisman

WASHINGTON—U.S. and Russian arms-control negotiators reached an "agreement in principle" on the first nuclear-arms-reduction treaty in nearly two decades, administration and arms-control officials said.

The deal, which was widely expected, would bring down deployed nuclear warheads and sharply limit the number of missiles and bombers that can deliver them.

Rose Gottemoeller, the Obama administration's lead negotiator, flew to Geneva Monday to help draft the final text and begin what could still be an arduous process of translating the agreement into treaty language, an administration official said.

"There may be finessing and fine-tuning, but the issues, from our perspective, are all addressed," the official added Tuesday.

The deal would bring the ceiling for deployed nuclear weapons down to between 1,500 and 1,675 per side, from the 2,200 agreed to in 1991, but nuclear-delivery systems would fall more sharply, to between 700 and 800 each from the current limit of 1,600. In fact, both sides have already reduced their nuclear-armed bombers, submarines and missiles to below 1,000.

Daryl Kimball, executive director of the Arms Control Association, a Washington-based advocacy group, said the agreement is a milestone, the first arms-control treaty to not only set goals on warhead deployments but to establish strict limits, with verification measures to hold each side to those limits.

After a series of foreign-policy setbacks, the White House hopes the accord will give President Barack Obama some momentum as he presses ahead with efforts to isolate Iran and North Korea. A Dec. 31 deadline for Tehran to come to the table on nuclear issues slipped, so far, without consequence. Efforts to resume Israeli-Palestinian peace talks are stuck. But the president has wanted some success ahead of a nuclear-proliferation summit in Washington in April.

"At our Nuclear Security Summit in April, we will rally nations behind the goal of securing the world's vulnerable nuclear materials in four years," Mr. Obama said in a statement Tuesday that was read at a "Global Zero" nuclear-arms summit in Paris.

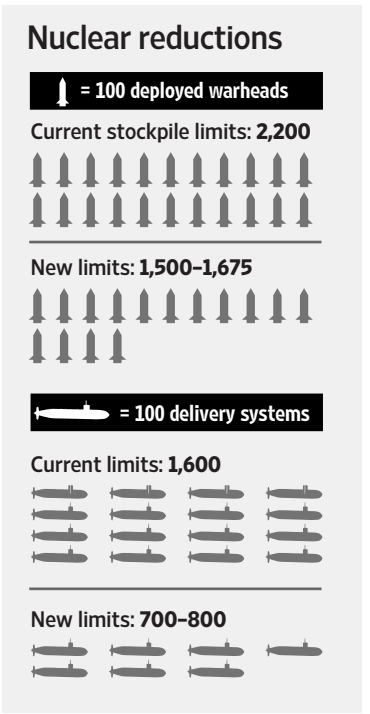
The breakthrough on a follow-on treaty to the now-lapsed Strategic Arms Reduction Treaty came two weeks ago when U.S. National Security Adviser James Jones and Adm. Michael Mullen, chairman of the Joint Chiefs of Staff, went to Moscow to work through two issues on verification, the sharing of data on missile flight tests and inspections at missile production facilities, White House officials said.

The deal was approved in principle last week during a phone conversation between Mr. Obama and Russian President Dmitry Medvedev. Under the agreement, the Russians will share flight-test data, something they had resisted as they develop more-modern ballistic missiles. But monitoring of a key ballistic-missile site in Russia, which ended in 2008, won't resume, according to officials familiar with the accord.

A senior Russian official said major issues are getting resolved and talks are "in the home stretch." The Kremlin is hopes a deal could be finalized in a few weeks, the official said.

The U.S. administration official cautioned that final drafting could take a week to two months, depending on snags that could arise. When the U.S. and Russian presidents announced the arms-control talks in April 2009, they set a Dec. 5 deadline to complete them, which slipped. But Mr. Kimball said the deal will clear the way for the broader Obama nuclear agenda.

—Gregory L. White and Jay Solomon contributed to this article.



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Obama urges open markets

President defends U.S. trade ties with China, pushes export growth

By Henry J. Pulizzi

WASHINGTON—President Barack Obama said the U.S. will put "constant pressure" on China and other countries to open their markets, but warned that to "close ourselves off...would be a mistake."

"I would not be in favor of revoking the trade relationships that we've established with China," Mr. Obama told Senate Democrats Wednesday.

He said the U.S. would need to monitor foreign-exchange policies around the world to make sure countries weren't giving themselves an unfair advantage by devaluing their currencies. He didn't specifically mention the Chinese yuan, though the U.S. has long pushed for Beijing to let the currency appreciate.

"One of the challenges that we've got to address internationally is currency rates and how they match up, to make sure that our goods are not artificially inflated in price and their goods are artificially deflated in price," Mr. Obama said. "That puts us at a huge competitive disadvantage."

The president, who slapped tariffs late last year on Chinese tire imports, said he would continue to make sure that countries live up to their sides of trade agreements with the U.S.

Trade relations between Washington and Beijing have become more tense over the last year, with the U.S. taking action against China for violating trade rules on a host of products and China accusing the U.S. of protectionism.

"The approach that we're taking is to try to get much tougher about enforcement of existing rules, putting constant pressure on China and other countries to open up their markets in reciprocal ways," Mr. Obama said.

But Mr. Obama, who vowed to put a "much bigger emphasis" on export promotion, said the U.S. can't shy away from international competition.

'One of the challenges that we've got to address internationally is currency rates and how they match up,' Mr. Obama said.

"Our future is going to be tied up with our ability to sell products all around the world and China is going to be one of our biggest markets, and Asia," Mr. Obama said, answering a question from Sen. Arlen Specter (D., Pa.).

Mr. Obama's meeting with Senate Democrats follows his session with House Republicans last week in Baltimore, and gave him a chance to pitch his agenda for job creation, health care and financial regulatory reform in front of a more receptive audience.

Many of the questioners, including Mr. Specter and Sen. Kirsten Gillibrand (D., N.Y.), face tough battles in midterm elections.

The president said he still hoped to find bipartisan solutions, but pledged to call out Republican lawmakers "when we extend a hand and get a fist in return."

"I'm open to honest differences of opinion, but what I'm not open to is changing positions solely because it's good short-term politics," he said. "And what I'm not open to is a decision to stay on the sidelines and then assign blame."

Mr. Obama also renewed his push for regulatory reform and his proposed $30 billion program to kick-start lending to small businesses. He said that initiative, which would use Troubled Asset Relief Program funds, should be part of a broader jobs bill rather than implemented through executive order.

Mr. Obama said the focus on small-business lending was essential because there is "a sense that the pendulum has swung too far," with regulators being too cautious. The challenge, he said, was "to make sure that there's a consistency of approach that doesn't prevent banks from making what are good loans and taking reasonable risks."

An interview with:

Tony Tyler, CEO, Cathay Pacific Airways

Demand for air travel may be slowly returning but is the aviation industry out of the woods? This weekend, CNBC's Christine Tan goes to the Singapore Airshow to discuss with Tony Tyler, CEO of Cathay Pacific and Chairman of International Air Transport Association (IATA), his outlook for the sector and his flight plan for the Hong Kong flag carrier.

Showtimes (SIN/HK):
5 Feb 2010, Friday, 19:30 hr
6 Feb 2010, Saturday, 18:00 hr
7 Feb 2010, Sunday, 10:00 hr | 18:30 hr

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What happens if nothing happens to health care?

[CAPITAL]

By David Wessel

A month ago, President Barack Obama was on the verge of a victory that eluded all his predecessors, as Congress neared approval of legislation to expand health-insurance coverage to nearly all Americans. Today, this initiative is in critical condition, perhaps even dying.

The initial idea was logical: Cover nearly everyone and control the rise in health costs. The emerging House-Senate compromise was ugly and unpopular. The left said it did too little of the first, and did too much to protect health-care profits. The right said it didn't do enough of the second, and did too much to enlarge government's already formidable role.

In April, I argued we would get the big health-care fix. When Bill and Hillary Clinton failed 15 years ago, every interest's first choice was its own favorite plan; everyone's second choice was the status quo. But, I wrote, the status quo had become so uncomfortable it was no longer everyone's second choice, so a compromise would emerge. I was wrong.

Conversation among Washington wonks, corporate chieftains and health-care executives isn't any longer about how "health reform" will work in practice. It's about what happens if nothing happens.

Barring a political miracle, we're going to learn the cost of doing nothing—nothing significant to restrain health-care cost increases, nothing to prod the health-care system to produce more benefit for each dollar it takes, nothing to expand health-insurance coverage.

This, too, will be ugly and unpopular.

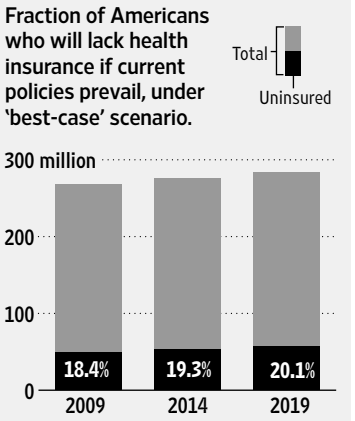
"Failure to enact health reform will result in increasing numbers of people without health insurance because fewer employers will offer it and many employees will not be able to pay the cost of plans that are available," predicts Stephen Zuckerman, a health economist at Washington's Urban Institute think tank. "For people not offered employer coverage, many will not be able to get coverage due to pre-existing conditions that insurers won't cover or because premiums simply won't be affordable. Even people with coverage will find costs becoming a greater financial burden."

And all of us—employers, workers and taxpayers—will spend ever more on health care.

Last spring, the Urban Institute ran the do-nothing outcome through its computers, and offered three scenarios. In the *best* case, the number of uninsured Americans rises to 57 million, or 20.1% of the population, from 49.1 million, or 18.4%, in 2009, most of them middle-income adults. More employers drop coverage as it grows more costly. The fraction of Americans on the government's Medicaid and Children's Health Insurance Program, now at 16.5%, would rise to between 16.5% and 18.3%—and that's without the much-derided "public option."

Cost of doing nothing

Fraction of Americans who will lack health insurance if current policies prevail, under 'best-case' scenario.



Source: Urban Institute's Health Insurance Policy Simulation Model.

All this will swell an already large budget deficit. The "fiscal course that we're on, out in 2020 and 2030 and 2040, is unsustainable and it needs to be addressed," White House budget director Peter Orszag said this week. "If we don't address rising health-care costs, there's nothing else that we're going to be able to do that will alter that basic fact." This year, Medicare and Medicaid will cost nearly $725 billion, about 50% more than Congress appropriates for all domestic agencies. In 2014, the cost is projected at $950 billion. Gulp!

If nothing changes, employers who still offer health insurance will pay more for it, and will pay lower wages as a result. In the Urban Institute's best case, employer premiums per worker will rise 64% over the next decade. In the worst case? They more than double. Gulp!

"If we fail to pass effective health-care reform legislation, the skyrocketing costs of health care will continue to burden America's citizens, communities and companies when we can least afford it," warns John Castellani, president of the Business Roundtable, a group of big-company chief executives.

Helen Darling has been buying or thinking about health care her whole career, first as a Xerox Corp. executive, now as head of the National Business Group on Health, a coalition pushing for change. She says she was "absolutely inspired" by Mr. Obama's initial vow to finally act to slow health-care cost growth, and disappointed at how little of that survived Congress. In that sense, she says, legislation wouldn't have accomplished much to slow costs, and thus its death won't matter much.

But she draws a more ominous conclusion. "The most depressing thing about it," Ms. Darling says, "is that it shows the failure of the political system. Have we lost the capacity to do certain things? Can we govern? That's the most frightening thing. I'm very depressed that we can't solve even parts of these problems."

Me, too.

WORLD NEWS

Iran test-fires new satellite rocket

By Chip Cummins

DUBAI—Iran test-fired a new satellite rocket and unveiled what it said were homegrown advances in its space program, a push that has worried Western officials because of possible crossover applications in the country's weapons program.

In addition to the test-firing, President Mahmoud Ahmadinejad unveiled on Wednesday three new telecommunications satellites and a satellite-carrier engine, according to state media.

The test firing comes as the Islamic Republic celebrates its 31st anniversary. Commemorations began this week and culminate on Feb. 11, the day in 1979 that the shah's forces capitulated during the Iranian revolution. During last year's commemoration period, Iran launched its first domestically made and propelled satellite.

Tehran has long said its space program, like its nuclear program, is aimed at peaceful purposes. Wednesday's rocket carried a capsule of living organisms—a rat, two turtles and worms—into space for experimentation, the state-run English-language Press TV reported.

Iranian claims of technological advances, especially in weapons development, are often viewed skeptically by outside analysts. Still, the test-firing could raise fresh alarms about Iran's weapons development. Many of the same technologies used in satellite development can be applicable to missile-delivery systems.

The satellite announcement comes a day after Mr. Ahmadinejad surprised many Western observers by suggesting in a televised interview late Tuesday that Tehran no longer objected to a long-stalled international nuclear-fuel deal that is at the heart of current efforts by Western capitals to rein in the country's nuclear ambitions.

The deal, hammered out last year between Iran, Western powers and the International Atomic Energy Agency, calls for Iran to export the bulk of its low-enriched uranium for refining overseas and use the processed product in a medical-research reactor. Western officials see the deal as a way of delaying any Iranian effort to develop a nuclear weapon. Washington, frustrated by Tehran's response to the draft deal, is pushing for fresh economic sanctions against Iran.

After Iranian negotiators agreed to the proposal, several Tehran officials spent months criticizing it, and appeared to rule out the deal in its current form in December. But Mr. Ahmadinejad's comments late Tuesday night suggested Tehran's position has changed once again. U.S. officials remain wary, saying that if Iran has agreed to the deal, Tehran should officially notify the IAEA.

Mr. Ahmadinejad's satellite announcement comes after U.S. defense officials disclosed this weekend American efforts to bolster defensive capabilities among its Arab allies in the Persian Gulf.

It also comes as opposition protesters gird for planned demonstrations on Feb. 11. Opposition leaders have used state-sanctioned holidays as cover for antigovernment protests, which first erupted after disputed June 12 presidential elections.

Both sides—the government and the opposition—have hardened their rhetoric recently ahead of Feb. 11. The government has vowed a harsh crackdown and swift justice to demonstrators who turn out.

Agence France-Presse/Getty Images

President Ahmadinejad and Iranian officials unveil a satellite rocket in Tehran on Wednesday, on a day Iran heralded advances in its homegrown space program.

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Sports Promotion

The Business of Football

What business can learn from football

Fan activism may hold lessons for directors and shareholders

Tactics range from tabling resolutions at annual general meetings to launching rivals

By Jon Mainwaring

Christopher Serra

The wave of foreign ownership that has swamped the Barclays Premier League, England's most illustrious league of football clubs, has brought many benefits. Within three years of Russian billionaire Roman Abramovich taking control at Chelsea in 2003, the London-based club claimed the Barclays Premier League title two years in a row (only the second club ever to do so) and the FA Cup and League Cup, two major national football trophies. And after U.S. businessman Malcolm Glazer took over Manchester United in 2005, the northern English club came top of the Barclays Premier League for two successive years and added another European Cup to its collection.

Many fans are over the moon at such a boost to their clubs' fortunes. But not all. The arrival of wealthy foreigners with bags of cash to buy Barclays Premier League clubs has left some feeling disenfranchised. In response, some football supporters have taken steps to assert more influence on their clubs, and their successes could provide useful lessons for small individual shareholders in many kinds of business.

Mr. Glazer's takeover of Manchester United, his removal of the club from the London Stock Exchange, and the large debt burden incurred by the takeover — reported by multiple sources as £660 million ($1.07 billion) — left many fans furious. A few disgruntled supporters even deserted Manchester United to form a breakaway football club called FC United of Manchester. FC United was initially accepted into the North West Counties League second division, nine promotions away from the Barclays Premier League. It then went on to secure promotion in each of its first three seasons.

Supporters' trust

In another response to Mr. Glazer's takeover, Shareholders United — a body that previously encouraged Manchester United supporters to own shares in the club — reorganized itself into an independent supporters' trust: Manchester United Supporters' Trust (MUST), with its headquarters located close to the club's stadium.

Supporters Direct, a London-based campaigning organization that provides advice to fans on how to achieve greater influence at their clubs, backs supporters' trusts as the way forward for fans. Kevin Rye, a spokesman for Supporters Direct, believes that supporters' trusts (whether they are able to hold shares or not) can exert influence on a club, particularly when a big football brand like Manchester United is involved. "MUST scrutinizes every move that the boardroom makes," he says. "Among the British press, they've become the authority on the situation at Manchester United."

A key lesson here for activist shareholders in a nonfootball business is to build relationships with the media. In the world of business, as much as that of sports, directors of companies will think twice before making big decisions if they know the eyes of the world are on them.

At clubs where supporters are able to buy shares, it is important to use the mechanisms available even to the smallest shareholders, says Sean Hamil, a management lecturer at Birkbeck College at the University of London, and director of Birkbeck Sport Business Centre, a research unit that provides consultancy to organizations involved in the business of sport.

"You don't have to be an expert in company law to effectively assert shareholder rights," he says.

One mechanism is the company annual general meeting, which says Mr. Hamil, is a "seriously underutilized" device. "As has happened at a number of football clubs, small shareholders can get an independent resolution raised onto the agenda." And this is an area where shareholders in other types of businesses can learn from football, he says.

Mr. Hamil cites the Arsenal Supporters' Trust as an example.

Effective campaigning

North London-based Arsenal is quoted on Plus, London's market for small-capitalization and midcap stocks. "The Arsenal Trust has 750 members who collectively speak for approximately 3% of the club's equity, so they have little voting power," he says. But they use that voting power as a very effective campaigning tool, he adds.

"They wield an influence that most of the organizations we represent would kill for," says Mr. Rye of Supporters Direct. This has helped Arsenal remain independent, he says. According to Mr. Rye, any number of factors — such as the recession or Arsenal's lack of major trophies in recent seasons — could have knocked the club into the arms of a billionaire. But instead they have managed to resist interest from U.S. sports tycoon Stan Kroenke and Russian billionaire Alisher Usmanov, although both now own large minority stakes in the club.

"You don't have to be an expert in company law to effectively assert shareholder rights."

Another way for fans to gain more influence on their clubs is to own them, says Rory Miller, program director of Liverpool University's MBA in football industries. "Fans might come together as a mutual organization to take over a large club," he says.

Dr. Miller's colleague, Rogan Taylor, director of Liverpool University's football industry group, was involved in attempting just such a takeover with the Share Liverpool FC initiative in 2007, when U.S. businessmen Tom Hicks and George Gillett were in the process of buying the club. However, this proposal, which aimed to persuade 100,000 Liverpool fans

Sports Promotion

to each purchase £5,000 of shares in their club, effectively giving them ownership, did not prevent the purchase of Liverpool Football Club by Mr. Hicks and Mr. Gillett.

"Unfortunately, in the Share Liverpool scheme the size of the club and the need for a new stadium meant the financial demand for fans was too great," says Dr. Miller.

In other parts of Europe, however, fans have been more successful at owning clubs. More than 80% of legendary German team, Bayern Munich, for example, is owned by its members' association, which totalled 151,229 of Bayern's fans at the last count in June. This has not prevented commercial businesses from investing in the club (both Adidas and Audi each hold 9.09% of Bayern) but German football regulations mean they can never own a majority stake.

GETTY IMAGES/Carlos Spottorno

Football supporters are taking steps to assert more influence on their clubs.

Winning arrangement

This arrangement has worked well. For the past 17 years Bayern has turned a profit and it has been very successful on the pitch too, winning the Bundesliga Championship (Germany's highest-level football league) 21 times and the European Cup four times.

This model of ownership is common throughout Germany, says Antonia Hagemann, project manager for London-based Supporters Direct Europe, which advises fans across Europe on ownership and governance. "Where and how [fans] use their influence varies from club to club. However, the bottom line is they can have a say when they want. In some clubs they can vote for the chairman and other members of the board. It's a very democratic model."

Even in countries where ownership of clubs by their fans is not as common, the idea is gaining currency.

In Spain, for example, in the early 1990s the financial situation at football clubs was so bad that the authorities there changed the rules so that clubs could become incorporated in order to attract investment. So, Spain moved from an ownership model similar to the current German system to one that is closer to English football (although certain teams, like Barcelona, are still run by their fans). "But the debt situation is now far worse," says Ms. Hagemann. "So, fans in Spain have been lobbying for a change in the law and they have actually been quite successful."

Ms. Hagemann explains that fans have organized and talked to authorities at various levels, including the European Union's Sports Commission. "They're now being considered stakeholders and have been invited to speak at the Spanish Parliament, which is a huge step forward."

High-level lobbying

Lobbying at a high level is something that small, private shareholders are now beginning to do in the U.K. The London-based UK Shareholders' Association, which represents the interests of individual shareholders as opposed to institutional funds, is keen to change the system so that shareholders, no matter how small, can have a voice in the boardroom. "Different shareholders have different objectives and directors should not favor one group at the expense of another," says Eric Chalker, director of UKSA.

UKSA is producing a manifesto for private shareholders, with one objective being private shareholder committees for all public companies with mandatory requirements of regular meetings with at least one nominated director.

The Business of Football series is also available online at: **wsj.com/businessoffootball**

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Reuters

Prince Max, seen in 2009 in front of a reproduction of a detail of a painting by Franz Eybl, owned by the collections of the Prince of Liechtenstein.

For LGT chief, déjà vu in the tax-haven debate

CEO of Liechtenstein bank cites lack of acquisition opportunities in Asia

By Peter Stein

Ramped-up efforts by governments to clamp down on tax evasion have reverberated around the world, from the Cayman Islands and Monaco to Hong Kong and Singapore.

The latest battle is playing out in Germany, where authorities are offering to buy information on secret Swiss bank accounts. The scenario sounded oddly familiar for His Serene Highness Prince Max of Liechtenstein, the chief executive of **LGT Group**. He was in Hong Kong this week visiting with clients of the private bank and wealth-management firm owned by the principality's royal family.

Two years ago, data on accounts in an LGT subsidiary found its way into the hands of German authorities, setting off controversy over the role of the alpine principality and other tax havens in sheltering the assets of the world's wealthy from government scrutiny. Liechtenstein last year agreed to adopt international tax and data-sharing standards. LGT, meanwhile, abandoned its venerable trust business, long considered a means for hiding wealth from prying eyes.

Today, Prince Max says LGT has passed beyond the focus of the tax-haven debate. He's eager to promote LGT's virtues as a family business at a time when the dangers of excessive risk in the financial-services sector has been burned into the global consciousness. Of course, with equity capital of 2.63 billion Swiss francs ($2.49 billion) and 79 billion francs in client assets under management as of last June, this business is clearly owned by a very privileged family.

"Family businesses tend to watch their capital pretty carefully," says the 40-year old CEO, a former J.P. Morgan banker with a Harvard MBA, who notes that "we are the biggest investors in our own products."

While visiting Hong Kong, Prince Max sat down with Peter Stein to discuss the continuing pursuit of hidden taxable assets, LGT's business in Asia and the changing global environment for financial services.

Q: Do you feel like the impact of all that drama over the stolen accounts is behind LGT and you're able to move on?

A: I would say yes in the sense that LGT is no longer the big part of the story.

In terms of the issue that was standing behind it, the fact that the U.S. and other very influential and powerful economies in Europe such as Germany, France and U.K. have a great need to increase their tax revenues and they are looking very hard to find assets that are not declared, the issue is not over at all. The need for these economies to increase their tax revenues has probably increased further over the last two years, and will be there for a very long time. And as long as they believe there are assets that haven't been declared, they will continue to put pressure on offshore locations.

Q: I'm sure you've read the latest reports that Germany is considering buying stolen data that contain Swiss bank account records. It must seem like...

A: Yes, it's almost in many ways *déja vu*. It comes back to the same underlying issues—some of the economies being so desperate they are willing to use all sorts of ways essentially to increase their tax revenues.

Do I agree with their ways? Do I think it's the right thing to buy stolen data from some crook? I don't. On the other hand, I have an understanding that the countries need to increase their tax revenues.

Q: Can you say anything about fund flows at the moment at LGT?

A: I think we are having a great start into the new year. So I'm very confident for the new year. It's obviously still very early, but at the moment my clear assumption is that there will be pretty positive net asset inflow this year. [Last year] we had positive net asset inflow in all our booking centers except in Liechtenstein.

Q: What if anything are you doing to boost your market share in Asia?

We made a small acquisition in 2008. We acquired KGR, which was the third- or fourth-largest hedge fund of funds in Asia. Having said that, Asia is that part of the world which everyone agrees is going to have the best growth. So everyone wants to be here, but nobody's a seller in Asia. Everybody would like to be a buyer, and a builder. So the reality is very few acquisition opportunities will come on the market, and as a result it's an area you have to work through organic growth.

Q: Is there anything that LGT is thinking of specifically in terms of a China strategy? There's a lot of movement to set up services for high-net-worth individuals there.

A: Mainland China is obviously fascinating for everybody. We are active in mainland China but predominantly at this point through our asset-management activities.

On the private-banking side, it is, from a regulatory point of view, a very difficult environment.

Q: What about India?

A: India is a similarly complicated story in terms of the regulatory environment. ... [But] we want to take a more active look into India, despite all the regulatory issues, because it's got so much potential going forward.

Mr. Appleby, meet Appleby the tiny frog

By Jonathan Cheng

HONG KONG—Jodi Rowley spent two weeks last year fighting off leeches and munching on wild rats in the mountains of Vietnam in search of a 20-millimeter frog—an undiscovered forest-dwelling species she promptly named after a Hong Kong hedge fund manager.

Distressed-asset investor Robert Appleby hasn't yet met his namesake, Leptolalax applebyi, which weighs about one gram and makes a croaking noise that closely resembles a cricket's chirp.

"It's like being a very proud father," says the 48-year-old Mr. Appleby, who introduced the frog to a small gathering of fellow financiers and other friends over champagne and noodles at an art gallery in Hong Kong last Thursday.

The hedge-fund manager, who majored in zoology as an Oxford University undergraduate, spent three years as a science research assistant, as well as a 13-year stint at Lehman Brothers. Today, he runs a Hong Kong-based distressed-asset fund called **ADM Capital** Ltd. that he co-founded in 1996. The fund manages about US$1.6 billion in assets on behalf of endowments, foundations and pension funds. But Mr. Appleby's first love was always frogs and other wildlife.

After a chance meeting four years ago with Ms. Rowley, now a 29-year-old amphibian biologist, Mr. Appleby found someone who shared his passion for frogs, and he committed to financing her fieldwork through a foundation he started with his business partners. Among the missions of the ADM Capital Foundation: supporting ecological projects in Asia where it could make a difference.

Mr. Appleby says his inner scientist is able to live vicariously through Ms. Rowley's e-mailed updates from the field. "Jodi is very colorful and witty, and she's dedicated her life to the study of frogs," Mr. Appleby explained in a recent interview.

Ms. Rowley spends as many as nine months of the year "in a bog," leading teams of Vietnamese biology students through a maze of unexploded ordnance in the mountainous jungles of central Vietnam.

During a 2007 expedition, she began noticing a distinctive, cricket-like croak, and spent several days tracking down two of the little creatures. After trawling through 19th-century French texts and modern frog croak databases, she was confident she'd discovered a new species—one with unusual colorations on its smooth brown skin.

The findings were published last year in the scientific journal Zootaxa, and in gratitude to her patron, Ms. Rowley named the new species Leptolalax applebyi after Mr. Appleby.

WSJ.com

Online today: See more on Robert Appleby and the new frog species at **WSJ.com/Video**

ADM Capital Foundation

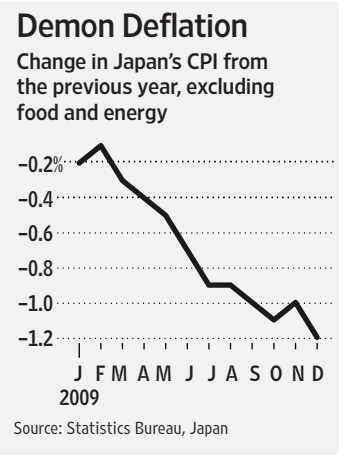
Jodi Rowley, right, discovered a species of frog and named it for Robert Appleby, left.

Tokyo's Economic Crack-Up

It's been clear for years that Japan's economy never quite recovered from the post-1980s bust and that deflation was a constant worry. And it was safe to assume that it would take a while for new Prime Minister Yukio Hatoyama and his Democratic Party of Japan team to get their sea legs in government. But even by those standards, the unfolding economic crack-up in Tokyo is something to behold.

Deflation is starting to reach alarming proportions. Prices in Tokyo, considered a leading indicator of trends elsewhere, fell 2% in December compared to the same month a year earlier according to data released Friday. Nation-wide core deflation (excluding food and energy) was 1.2%—the steepest fall since the government started tracking such data in 1971. This is happening even as the unemployment rate fell slightly, to 5.1% from 5.2%, and industrial production rose.

Yet politicians seem completely at a loss over what to do about it. If inflation and deflation are partly a game of shaping expectations, the current Tokyo crew is doing a terrible job. "I think and I hope we will see signs of being out of deflation within two to three years," Finance Minister Naoto Kan said on Jan. 26. *Think* and *hope*? In two to three years? The message to businesses and consumers is that they'll face squeezes on profit margins or reasons to delay consumption until 2012. The central bank for its part is telling Japanese businesses it expects deflation for the next year or two.



Meanwhile, the ongoing food fight between politicians and the central bank over apportioning blame isn't any more helpful. Mr. Hatoyama last week again called on the Bank of Japan to do more quantitative easing—purchases of assets to flood the economy with inflation-inducing (they hope) yen. Yet in a speech Friday, BOJ Governor Masaaki Shirakawa again argued there's only so much he can do: "Once financial system instability is overcome, an increase in liquidity alone cannot resolve deflation."

Granted, part of Japan's woes are beyond Tokyo's control—particularly to the extent a yen floating ever higher on a sea of U.S. Federal Reserve greenbacks contributes to deflationary pressure. Exports, the bright spot during the deflation sparked by the financial-bubble collapse in the 1990s, are once again picking up. But that boost may not be sustainable, given that America's recovery remains tentative and China is trying to rein in its stimulus.

Still, much of the blame lies closer to home. The fact that prices are falling even after excluding energy imports is a sign that this deflation isn't only the effect of a stronger yen making imported inputs cheaper. On the merits Mr. Shirawaka is basically right, even if the BOJ itself has been justifiably accused of tightness at times in the past. Its benchmark interest rate is likely to be set at 0.1% for the foreseeable future and at the politicians' prodding it renewed quantitative easing in early December. As long as businesses and consumers expect continuing stagnation, they'll be unlikely to spend or invest that extra liquidity to spur growth.

Japan's economy doesn't need a circular firing squad among policy makers in Tokyo. It needs pro-growth policies to shock it out of its torpor. Supply-side tax cuts or big-bang regulatory reforms would have the virtue both of spurring medium-term growth and creating the impression that someone in Tokyo finally knows how to get the economy back on track. In the short term that could give some legs to monetary stimulus, if businesses start to think the government is finally getting serious.

So far Mr. Hatoyama hasn't delivered those policies, falling back instead on more of the same big spending, big borrowing binges his opponents in the Liberal Democratic Party tried for years when they were in power. That deflation you see is the Japanese economy yawning at more of the same. If he doesn't start delivering some shock and awe soon, Japan risks sinking even deeper into malaise.

Boycotting Hong Kong

The Hong Kong government, its largest political party and the territory's chamber of commerce all united this week to denounce the resignation of five democrats from the Legislative Council. Clearly none of these groups trust the constituency they're meant to serve: the Hong Kong people.

If they did, they would support the right of Hong Kongers to vote on whether or not they want to return members of the Civic Party and the League of Social Democrats to their seats, rather than trying to downplay the importance of the by-election. The five legislators took a gamble by resigning: A telephone survey of 1008 people conducted by the University of Hong Kong between January 11-13 showed that only 24% of those polled were in favor of by-elections and 50% were against.

That point seems to elude the chairman of the pro-Communist Democratic Alliance for the Betterment and Progress of Hong Kong, Yiu-Ching Tam, who dubbed the special election a "farce" and a "waste" of public money. Tuesday, he announced his party, the biggest in the territory, would boycott the special election—which means some of the democrats would run unopposed, or against fringe candidates. A smaller pro-Beijing party will boycott, too. The chairman of the territory's general business chamber, also on Tuesday, called the election "provocative."

> A vote on democracy is nothing for the pols and business to fear.

Meanwhile, the Hong Kong government is doing its best to talk down the significance of the resignations. Secretary for Constitutional and Mainland Affairs Stephen Lam reiterated yesterday that a democratic "referendum" isn't explicitly provided for in Hong Kong's mini-constitution, the Basic Law, and "wouldn't be recognized" by the government. Well, no wonder: The democrats' resignation isn't a referendum. A referendum by definition can only be called by a government, and even though the Basic Law doesn't refer to it explicitly, under common law, it would still be allowed if the government chose to call one.

What Mr. Lam is trying to do is evade a debate on the real problem: the lack of progress on universal suffrage—something which the Basic Law does promise the Hong Kong people. His boss, Chief Executive Donald Tsang, promised to "resolve the question of universal suffrage" before leaving office in 2012, but then extended a half-hearted reform package to democrats. The five legislators resigned out of sheer frustration more than anything else.

When politicians, government and business all unite to silence the voice of the Hong Kong people, that's not just an extraordinary coincidence. It smacks of pressure from Beijing. That may work in the short run by rendering the special election results moot. But in the long run, alienating the Hong Kong public can only lead to further, more dangerous splits in the territory's body politic.

Mr. Abbott's Climate-Change Pitch

The political momentum behind cap and trade is melting away a whole lot faster than the Himalayan glaciers—so much so that Australia's opposition leader has a big, new idea: Ditch the plan altogether and make the costs to taxpayers transparent.

"We don't need to create an expensive bureaucracy, a large group of carbon traders who make money from speculation, and a complex set of property rights that penalize carbon," Tony Abbott wrote in yesterday's Australian newspaper. Mr. Abbott proposed Tuesday instead to set up a fund to pay companies that cut emissions and meet certain criteria, such as preserving jobs.

That's still a plan for government to pick winners, as Prime Minister Kevin Rudd's cap-and-trade plan would. But Mr. Abbott's proposal has the distinct advantage of limiting and defining the cost to the taxpayer. That's impossible to do under cap and trade, in which emitting companies buy carbon credits at fluctuating prices and then pass that cost onto consumers.

Costs matter, given the Rudd government spent its way from a A$19.7 billion ($17.5 billion) surplus into a A$32.1 deficit last year thanks to a variety of pork projects—for a country that never entered recession, nor had a major bank failure. Mr. Abbott estimates his plan, which also includes populist handouts for solar panels and money to upgrade old power stations, will cost A$4 billion, as opposed to the government's A$40 billion tab.

There are aspects of Mr. Abbott's vision that need fleshing out, such as a proposal to penalize companies—for a yet-to-be-defined sum—that emit above so-called "business-as-usual" levels. He has pledged not to raise taxes to pay for his environmentalism, which implies he'll take a knife to the budget for something else. That's a pledge Australians will hold him to, especially given they already shell out some of the higher personal-income tax rates in the developed world.

Tony Abbott

Overall the Liberal Party leader seems to have unnerved the Rudd government, which has seen its cap-and-trade legislation rejected twice in the Senate as the public's faith in global-warming science has faded. Mr. Rudd Tuesday evaded questions on the specifics of his bill—which he resubmitted to parliament the same night—preferring instead to launch verbal bombs on Mr. Abbott, calling his plan "a climate con job."

The bigger con may be on Mr. Rudd and his adherence to climate-change as the evidence moves against him. Britain's climategate scandal, which revealed scientists conspiring to silence critics, and the Intergovernmental Panel on Climate Change's revelations of flawed science have undermined the claims of universal consensus that Mr. Rudd has invoked to impose onerous carbon limits.

A poll released this week shows Mr. Abbott is gaining on the prime minister. Perhaps Mr. Rudd needs a big new environmental idea, too.

OPINION

India's Retail Ties That Bind

[Business Asia]

By Arvind K. Singhal

New Delhi

If there's one cloud on the silver lining of India's economic recovery, it's food-price inflation. Wholesale food prices rose by 17.4% in mid-January compared to a year earlier, and food inflation hit a 12-year high of 20% in December. While the government lays much of the blame on last summer's poor monsoon, that argument misses important steps New Delhi could be taking to counter this problem. Liberalizing regulations on the distribution of farm produce and retailing should be at the top of the list.

Low food output is not the inflation driver this time. Output is expected to be about 230 million tons this year, not much different from a year ago. The government also holds buffer stocks of essential commodities like wheat and rice. At the other end of the food chain, demand has increased no more than 4% over the previous year—an increase attributable to rising prosperity and a growing population.

Instead, something is going badly wrong along the supply chain. India loses as much as 15% of its annual cereal and grains output, and as much as 35% of its horticultural output, to a systemically inefficient distribution and retail system. Vegetables and grains rot or get eaten by rats and other vermin wending their way through a labyrinthine route from farmer through multiple middlemen to store shelves and street hawkers.

Giving greater scope to relatively large, modernized retailers is key to fixing that problem. In other countries, supermarket chains and big boxes have built up extensive experience in creating and managing super-efficient supply chains to offer consumers lower prices and dampen inflationary trends. Their size allows them to develop relationships with more efficient producers, and apply efficiencies of scale in moving the goods to retail shelves with minimal wastages and in quickest time.

Yet successive Indian administrations over the past 15 years have taken a head-in-the-sand attitude when it comes to reforming and modernizing India's retail system. Foreign investment is strictly limited. Overseas companies can own at most a 51% stake in "single-brand" retailers—typically boutiques like a Nike or a Benetton store. Foreign investment in any other kind of direct-to-consumer multi-brand retail enterprise is banned. This bars even joint ventures between Indian companies and foreign supermarket chains or consumer-goods big boxes like Wal-Mart or Carrefour.

India's investment rules are so draconian they even hinder the development of local equivalents of the foreign retailers. Conglomerates like Tata, Birla, Ambani and Mittal have all attempted to enter food-and-grocery retailing with mixed success. They've been hampered by their inability to accept any direct foreign investment in their retailing ventures, even from overseas financial investors like pension plans or mutual funds who simply want an equity stake and wouldn't be exercising any day-to-day business role.

Associated Press

Wal-Marts like this one in Amritsar, India, can fight food-price inflation.

Notwithstanding these challenges, those Indian companies are pushing ahead. Some are forming creative partnerships with foreign retailers. Wal-Mart and Bharti Enterprises in 2007 launched a joint venture in cash-and-carry wholesaling: Since they can't sell directly to consumers, they're instead trying to bring "everyday low prices" to India by selling to small retailers who hopefully pass the savings to consumers. Germany's Metro has tried to go that route on its own. Tesco is poised to launch its own foray into the market later in 2010 with a partnership with the Tata Group.

Yet once such a company, Indian or foreign, manages to set up shop, the regulatory challenges are just beginning. Whereas back home Tesco or Carrefour might build relationships directly with farmers or middlemen of the retailers' choice, in India farmers are allowed to sell their produce only to government-appointed Agricultural Produce Marketing Committees. Regulators have discouraged the development of agricultural futures markets, so retailers are forced to manage their purchases through spot buying.

Shipping produce across state lines is a nightmare—not only is physical infrastructure bad, but states impose their own tariffs and regulations. Stocking up on nonperishables to manage inventory can run afoul of antiquated "anti-hoarding" laws. And every state and district has the power to impose its own retail regulations, including trading hours, employment of female workers, weekly days off and a range of other licensing rules. The absurdity can be seen in the National Capital Region of Delhi itself. Delhi now allows seven-day operation of retail stores with prior regulatory permission, yet in the neighboring suburb of Gurgaon, even shopping malls have to observe a weekly day off.

Reform has proven politically impossible up to now because it would ruffle many entrenched feathers such as distribution middlemen, and challenge India's longstanding pro-regulation political dogma. But if India is to manage its food security and battle inflation, it has to adopt a more pragmatic, modern vision for its retail industry, supported by bold reforms at the farm end as well as the distribution and retail end. Delay will prove costly for hundreds of millions of poor Indians who bear the brunt of food-price rises.

Mr. Singhal is chairman of Technopak, a consultancy specializing in retail and consumer goods sectors that has advised several companies mentioned in this column.

From Far East To American West

[Bookshelf]

The Poker Bride
By Christopher Corbett
(Atlantic Monthly Press, 218 pages, $24)

By Melanie Kirkpatrick

In 1923, an old woman arrived on horseback in the central Idaho town of Grangeville. She rode down from the remote Salmon River Canyon where she had lived for 50 years with her late husband. She had never seen a train, been to a movie or ridden in a car. A local newspaper dubbed her a modern Rip Van Winkle.

Thus begins one of the more curious stories in the history of American immigrants. The woman, Polly Bemis, was Chinese. She had left her village in the Pearl River Delta, in southern China, more than a half-century earlier, sold by her starving parents to brokers who roamed the countryside looking for pretty girls to work in the sex trade in California. She was shipped to San Francisco, where she was purchased for a wealthy Chinese merchant in a mining town in the Idaho Territory. The year was 1872.

Not long after Polly arrived in Idaho, the merchant lost her in a poker game to a saloon keeper by the name of Charlie Bemis. When Charlie was badly injured in a shootout over a gold stake, Polly nursed him back to health. He then did something almost unheard of for a white man in the Wild West: He married her.

Polly's story, as told by Christopher Corbett in "The Poker Bride," is also the history of the first Chinese immigrants to arrive in the American West. While Mr. Corbett's focus is on the women, he provides a colorful overview of the Chinese experience in general and the appalling discrimination they suffered.

Before the transcontinental railroad, a ship could cross the Pacific Ocean faster than the Pony Express could travel from the West to the East Coast. So in 1848 the news of gold in California reached Hong Kong before it reached Boston. Thousands of Chinese risk takers set sail for what they called the Golden Mountain. In the U.S., they were dubbed "Celestials" or "Sojourners" or "Chinamen," a designation that did not become a slur until later, Mr. Corbett says. Mark Twain, Bret Harte and Ambrose Bierce—all writers he describes as sympathetic to the Chinese—called them "Chinamen."

At first, Mr. Corbett observes, Americans welcomed Chinese as exotic "curiosities." But as their numbers increased, so did public sentiment against them. Chinese, who were willing to work for low wages, were accused of stealing jobs from Americans. Virtually all newspaper accounts "portrayed the Chinese as thieving, shifty, and untrustworthy."

Yet at the height of the Chinese Must Go campaign of the 1880s, there were only about 100,000 Chinese in the country. Given that there were 50 million people in the U.S. at that time, Chinese accounted for a mere one-fifth of 1% of the national population. The Chinese Exclusion Act of 1882 barred the entry of Chinese for 10 years. The Geary Act of 1892 required Chinese in the U.S. to carry residency permits. Charlie Bemis may have married Polly in 1894 in part to reduce the risk that she would be deported.

Polly was one of the lucky ones. Most Chinese women who reached the U.S. in the second half of the 19thcentury were forced into prostitution. Under the discriminatory laws of the day, which were aimed at encouraging Chinese workers to go home, wives were prohibited from coming to join their husbands in the U.S. Young Chinese women were either smuggled into the country or allowed to enter by officials who knew that they were destined for the sex trade.

There was a class system among prostitutes, Mr. Corbett notes, and Chinese women ranked at the bottom. Chinese prostitutes rarely worked in high-class brothels alongside white women. The most fortunate, like Polly, were sold as concubines. But most were destined for "cribs" or "hog ranches"—essentially huts partitioned by curtains—where they serviced many men in a single night. Mr. Corbett quotes a reporter of the day who visited San Francisco's Chinatown and who related the pitch of a Chinese crib girl: "Two bittee lookee, flo bittee feelee, six bittee doee."

The crib girls usually succumbed to venereal disease at a young age. As recounted in an 1869 article in the San Francisco Chronicle, an ailing prostitute would be locked into a "hospital," where she would be given a cup of water, a cup of rice and an oil lamp. If she wasn't dead by the time the lamp went out, the doctor would hasten the process along. "They come for a corpse, and they never go away without it," as the reporter put it.

Mr. Corbett is a journalist, formerly with the Associated Press and now teaching at the University of Maryland-Baltimore County, and "The Poker Bride" has a journalistic quality. The book is crammed full of quotations from contemporaneous sources and from books by scholars who have written on the Chinese experience. But it's too much of a good thing. While the quotations often add authority and color, they can also be distracting and impede the narrative flow.

At the close of "The Poker Bride," a photo shows Polly at home on the Bemis ranch. She is standing with two horses and a bushel basket at her feet. Her hair is pinned up neatly in a bun, and she is dressed in an ankle-length cotton dress that is protected by a long white apron. The only thing that differentiates her from other American frontierswomen is her face.

Before settling down on the ranch, Polly had run a boarding house and worked as a nurse. By all accounts she was energetic, hard-working and generous to those in need. In short, she thrived. Her success was not typical of the Chinese in America at that time. But on one level it reflects the essence of the American immigrant experience.

Ms. Kirkpatrick is a former deputy editor of the Journal's editorial page.

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OPINION

How to Destroy American Jobs

By Matthew J. Slaughter

Deep in the president's budget released Monday—in Table S-8 on page 161—appear a set of proposals headed "Reform U.S. International Tax System." If these proposals are enacted, U.S.-based multinational firms will face $122.2 billion in tax increases over the next decade. This is a natural follow-up to President Obama's sweeping plan announced last May entitled "Leveling the Playing Field: Curbing Tax Havens and Removing Tax Incentives for Shifting Jobs Overseas."

The fundamental assumption behind these proposals is that U.S. multinationals expand abroad only to "export" jobs out of the country. Thus, taxing their foreign operations more would boost tax revenues here and create desperately needed U.S. jobs.

Obama's proposals to increase the tax burden on U.S.-based multinationals would harm America's most dynamic companies.

This is simply wrong. These tax increases would not create American jobs, they would destroy them.

Academic research, including most recently by Harvard's Mihir Desai and Fritz Foley and University of Michigan's James Hines, has consistently found that expansion abroad by U.S. multinationals tends to support jobs based in the U.S. More investment and employment abroad is strongly associated with more investment and employment in American parent companies.

When parent firms based in the U.S. hire workers in their foreign affiliates, the skills and occupations of these workers are often complementary; they aren't substitutes. More hiring abroad stimulates more U.S. hiring. For example, as Wal-Mart has opened stores abroad, it has created hundreds of U.S. jobs for workers to coordinate the distribution of goods world-wide. The expansion of these foreign affiliates—whether to serve foreign customers, or to save costs—also expands the overall scale of multinationals.

Expanding abroad also allows firms to refine their scope of activities. For example, exporting routine production means that employees in the U.S. can focus on higher value-added tasks such as R&D, marketing and general management.

The total impact of this process is much richer than an overly simplistic story of exporting jobs. But the ultimate proof lies in the empirical evidence.

Consider total employment spanning 1988 through 2007 (the most recent year of data available from the U.S. Bureau of Economic Analysis). Over that time, employment in affiliates rose by 5.3 million—to 11.7 million from 6.4 million. Over that same period, employment in U.S. parent companies increased by nearly as much—4.3 million—to 22 million from 17.7 million. Indeed, research repeatedly shows that foreign-affiliate expansion tends to expand U.S. parent activity.

For many global firms there is no inherent substitutability between foreign and U.S. operations. Rather, there is an inherent complementarity. For example, even as IBM has been expanding abroad, last year it announced the location of a new service-delivery center in Dubuque, Iowa, where the company expects to create

Getty Images

1,300 new jobs and invest more than $800 million over the next 10 years.

This is true in manufacturing, too. Procter & Gamble calculates that one in five of its U.S. jobs—and two in five in Ohio—depend directly on its global business.

Compared to the rest of the world, U.S. corporate tax rates are sky-high and our system of corporate taxation is highly complex. The current U.S. federal statutory corporate tax rate of 35% is the highest among all 30 Organization for Economic Cooperation and Development countries, far above the OECD average of about 23%. Raise the international tax burden on U.S. multinationals by limiting foreign-tax credits, for example, and you will further reduce their ability to compete abroad. This, in turn, will reduce employment and investment in U.S parent companies.

Making it harder for U.S. multinationals to create U.S. jobs would be bad policy at any time. But it would be especially detrimental now because of how dramatically the private sector of the U.S. economy has contracted in the face of this recession.

Since the slowdown began in December 2007, private-sector payrolls have fallen precipitously. Today there are 2.4 million fewer private-sector jobs than 10 years ago. Moreover, in all four quarters of 2009, gross private-sector investment fell so low that it did not even cover depreciation. For the first time since at least 1947, the U.S. private capital stock shrank throughout an entire year.

The major policy challenge facing the U.S. today is not just to create jobs, but to create high-paying private-sector jobs linked to investment and trade.

Which firms can create these jobs? U.S.-based multinationals. They—along with similarly performing U.S. affiliates of foreign-based multinationals—have long been among the strongest companies in the U.S. economy.

These two groups of firms accounted for the majority of the post-1995 acceleration in U.S. productivity growth, the foundation of rising standards of living for everyone. They tend to create high-paying jobs—27.5 million in 2007.

Consider that in 2007, the average compensation per worker in these multinational firms was $65,248—about 20% above the average for all other jobs in the U.S. economy. These firms undertook $665.5 billion in capital investment, which constituted 40.6% of all private-sector nonresidential investment. They exported $731 billion in goods, 62.7% of all U.S. goods exports. And these firms also conducted $240.2 billion in research and development, a remarkable 89.2% of all U.S. private-sector R&D.

To climb out of the recession, we need to create millions of the kinds of jobs that U.S. multinationals tend to create. Economic policy on all fronts should be encouraging job growth by these firms. The proposed international-tax reforms do precisely the opposite.

International trade and investment policies are especially important to these firms. Passing the already negotiated trade agreements with Colombia, Panama and South Korea—and stopping trade barriers against key partners like China—are critical to increasing U.S. exports and related investment and jobs. If we are going to achieve the president's State of the Union aspiration to "double our exports over the next five years," we need to start now.

* * *

To help close looming fiscal deficits, the nation needs spending restraint and pro-growth sources of tax revenue. But Monday's proposals are far from that. These tax increases would destroy jobs in some of America's most dynamic companies.

Mr. Slaughter is associate dean and professor at the Tuck School of Business at Dartmouth, research associate at the National Bureau of Economic Research, and senior fellow at the Council on Foreign Relations. From 2005 to 2007 he served as a member of the White House Council of Economic Advisers.

Sri Lanka Looks to the Future

By Mahinda Rajapaksa

January 26 was an historic day for Sri Lanka. It was the first presidential election for more than 25 years that was unaffected by the terrorism and intimidation of the Liberation Tigers of Tamil Eelam, otherwise known as the Tamil Tigers. The overwhelming majority of Sri Lankans who exercised their democratic right last Tuesday voted for an end to division, an end to terrorism and for a new beginning of peace and prosperity. I am proud that the election was well fought, but peaceful on voting day. All who wished to participate, could.

But this victory is merely the start for Sri Lanka. After removing terrorism from our country, I sought a full mandate from my people. Now I shall seek to work to build our nation for all of them; to make the nation stronger and more able to succeed in today's globalized world.

I know as well as anyone that our future success relies on a lasting peace. The removal of terrorism was an important milestone in this process, but the nation needs to be bound by a common purpose. That purpose will be built around a full reconciliation program. My new government will address the genuine grievances of all communities and bolster the enforcement of equal rights for all. We will emphasize better police training to meet the new conditions of peace, and boost representation from all groups in Sri Lankan society.

More importantly, the lasting peace will unlock the true potential of Sri Lanka and provide a range of opportunities for all of our people. Already the International Monetary Fund has upgraded Sri Lanka to a "middle-income emerging market," and our economy is now the second fastest growing in Asia. With our educated workforce and our strategic trading position, I intend to make good on predictions that Sri Lanka can become South Asia's Singapore—or better.

We will work hard to ensure that this economic growth benefits all our people through improvements in job opportunities, skills training and education. No one will be left out. No one will be left behind.

For citizens residing in the north and east, we will continue to rebuild local infrastructure and essential facilities, so these areas can grow in tandem with the rest of the country. For people that were displaced by the conflict, we will realize their expectations of new livelihoods in peacetime. The people of these regions, whose lives were filled with fear and despair, will now have hope and opportunity.

Our people are free of threats, fear and terrorism. The government will work hard for all of them.

The evidence of peace and prosperity will be there for all to see. My hope is that the world will come and see this change for themselves. We ask tourists to come. Our island is full of unparalleled beauty. The hospitality of my fellow countrymen has been described in the superlative throughout history.

We ask investors to see the huge opportunities and natural resources available to them, to experience the proud work ethic of Sri Lankans and make use of the enormous talent of our graduates and adaptability of our skilled workers.

We are sure that if the world's people come to see the real Sri Lanka, they will support our country. That, in turn, will benefit us all through more trade and employment, jobs and opportunities.

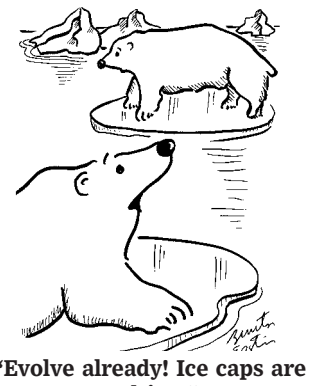
I know that there are some people and policy makers abroad who have criticized what we did to bring an end to violence and terrorism. They said our measures threatened the people and undermined democracy. This election has shown that the reality is very different. The people of Sri Lanka, democratically and very clearly, have shown that they are free of threats, fear and terrorism, and that they want to embrace the future that could only be achieved through the decisive measures taken last year.

I call on the international community to support us as we build a peaceful and successful Sri Lanka, united in our resolve to achieve the progress denied for decades. My government will work hard for all its people. Our economy will grow and the highest standards of rights will be upheld. I can say with confidence that Sri Lanka is ready for the new decade.

Mr. Rajapaksa is president of Sri Lanka.

Pepper . . . and Salt

THE WALL STREET JOURNAL



"Evolve already! Ice caps are melting."

IN DEPTH

Associated Press

Massachusetts Treasurer Tim Cahill, above, is among politicians who received campaign contributions from out-of-state plaintiffs' firms.

Out-of-state givers

Law firms that gave most to out-of-state candidates, 2000 to mid-2009:

1. Bernstein Liebhard	$1,007,978
2. Coughlin Stoia	$858,082
3. Entwistle & Cappucci	$693,332
4. Bernstein Litowitz	$687,576
5. Labaton Sucharow	$612,137
6. Barroway Topaz	$600,675
7. Kaplan Fox	$577,623
8. Barrack Rodos	$554,260
9. Berger & Montague	$492,755
10. Motley Rice	$435,350

Note: Includes contributions by lawyers and their families.

Sources: National Institute on Money in State Politics; WSJ research

Trial lawyers in U.S. donate, and shareholder suits follow

Some say political giving by plaintiffs' law firms is evidence of pay-to-play culture in securities-litigation sector

Norfolk County in Massachusetts has only a small pension fund, but it is a big player in court.

Two weeks ago, the fund joined with two others in a shareholder suit against U.S. drugstore chain **CVS Caremark** Corp., whose stock had fallen. It was the 12th time since 2006 the pension fund has gone to court after a stock it owned declined.

By Mark Maremont, Tom McGinty And Nathan Koppel

For 10 of the suits, including the latest, the pension fund hired a New York plaintiffs' law firm called **Labaton Sucharow** LLP. That firm, in turn, has taken a keen interest in the political fortunes of Norfolk County Treasurer Joseph A. Connolly, who heads the pension fund's board.

Attorneys at the New York law firm and their relatives have made 68 separate donations, of the maximum $500 apiece, to Mr. Connolly's campaign war chest since late 2005, public records show.

Asked why its lawyers gave to a county treasurer in a state not its own, Labaton Sucharow said its "members and their families make perfectly legal political contributions to elected officials and candidates who support shareholder rights." Mr. Connolly didn't respond to requests for comment.

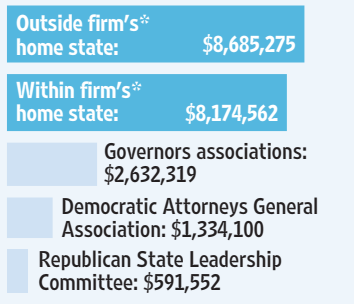
It is legal for U.S. lawyers, like anyone else, to give campaign money to politicians. But questions arise when the politicians are local officials with influence over the selection of legal counsel for shareholder lawsuits filed by public pension funds, a role that can be lucrative.

A Wall Street Journal analysis documented the extent of campaign giving by plaintiffs' law firms specializing in shareholder litigation.

It found that 25 leading firms, their lawyers and family members contributed a total of more than $21 million in the past decade to state-level candidates and party funds, as well as to national-party groups that work to elect state officials. Less than 40% went to candidates within the law firms' home states.

Firm support

Plaintiffs' law firms donate heavily to state-level candidates, including outside the firms' home states (2000 to mid '09):


Outside firm's* home state: $8,685,275
Within firm's* home state: $8,174,562
Governors associations: $2,632,319
Democratic Attorneys General Association: $1,334,100
Republican State Leadership Committee: $591,552

*To candidates and party committees.
Note: Totals include 25 leading firms.
Sources: National Institute on Money in State Politics; Center for Responsive Politics; WSJ research

Labaton Sucharow was among the donation leaders. The law firm, its lawyers and their family members made $612,000 in campaign contributions in 24 states outside its New York home base in the decade.

Some lawyers say widespread political giving by plaintiffs' law firms, especially outside their home states and near the time when counsel are chosen, is evidence of a corrosive pay-to-play culture in the securities-litigation industry.

"Plaintiffs' lawyers donate because they think it buys them access to people who make decisions over how pension funds select counsel," says Fred Isquith, a partner at Wolf Haldenstein Adler Freeman & Herz LLP, a plaintiffs' firm in New York. Such giving "creates an appearance of complete impropriety," he says, and "should be outlawed."

The American Bar Association takes a similar position. The ABA, in giving guidance on ethics, says lawyers shouldn't accept a "government assignment" if they made a political contribution "for the purpose of obtaining or being considered for" such a job.

The Journal looked at donations in all 50 U.S. states from Jan. 1, 2000, through mid-2009, compiled by the National Institute on Money in State Politics, as well as data from other state and federal sources. About 72% of contributions went to Democrats.

The Journal also examined the 25 largest recent class-action settlements in which public pension funds served as lead plaintiff, as calculated by NERA Economic Consulting. In 15 of the cases, one or more law firms representing a lead pension fund had donated to a politician in the fund's home state.

Most plaintiffs' lawyers say they give simply to support like-minded officials.

"We make sizable contributions to candidates we believe support investor causes," said Stanley Bernstein, of the New York firm of Bernstein Liebhard LLP.

The firm and people associated

IN DEPTH

Left to Right: Handout, Associated Press, Reuters.

Norfolk County, Mass., Treasurer Joseph Connolly, left, Rhode Island General Treasurer Frank Caprio, center, and former Ohio Attorney General Marc Dann, right.

with it made $1.2 million in campaign donations, mostly in 31 states other than New York.

Plaintiffs' lawyers also say their contributions help offset cash from pro-business interests opposed to shareholder litigation.

Public officials who favor shareholder suits say these are a needed check on corporate misbehavior and have recovered billions of dollars of losses caused by past abuses at WorldCom, Tyco International and elsewhere. They deny any pay-to-play dynamic, and say lawyers are chosen on merit.

Public pension funds increasingly are the lead plaintiffs in shareholder suits, partly because a U.S. law encourages judges to pick big institutional investors for this role.

As a result, plaintiffs' law firms focus their marketing efforts on wooing public pension funds and the state and local officials who influence them. Some firms enlist the help of lobbyists and attend pension-fund conferences.

Some lawyers say they aren't sure whether contributing helps them get government business, but are afraid not to. Some track how much rivals donate so they don't fall too far behind.

"There are certain places where, to be in the game, you have to donate," said Steven Toll, a partner at Cohen Milstein Sellers & Toll PLLC in Washington. It has contributed only modestly—$62,000 to out-of-state candidates—and Mr. Toll says he is sure its low level of giving has cost the firm business. But "we want to be chosen on merit, not because we contributed money," he said.

Ohio politicians received the most donations from out-of-state plaintiffs' firms in the past decade—more than $1.65 million, by the Journal's analysis. Ohio pension funds have filed at least 21 shareholder suits since 2002, according to state officials.

Running for Ohio attorney general in 2006, Democratic candidate Marc Dann told plaintiffs' law firms he favored shareholder suits and would file more of them than his rival would, he says.

He received at least $59,500 from out-of-state securities litigators.

He won, and in the next 16 months, his office filed at least four securities suits on behalf of state pension funds, mostly using law firms that had given to his campaign or to the state Democratic Party. "I have no doubt I received donations with the expectation of work," Mr. Dann said. But, he said, attorneys were chosen strictly on merit.

Ohio's legislature tried to crack down on perceived pay-to-play abuses with a 2007 law that prohibited giving a state contract to any firm that had donated more than $2,000 to a politician overseeing such a contract.

A court later overturned the law because of defects in the legislative process. While the law was in effect, it appeared simply to redirect the money flow to party committees.

Mr. Dann resigned after 16 months in office. After an interim appointment, the state held an election for a successor, won by another Democrat, Richard Cordray. Out-of-state plaintiffs' law firms gave little cash directly to Mr. Cordray's campaign, but in 2007 and 2008 they contributed $830,000 to the Ohio Democratic Party candidates' fund, which passed about $2 million to support Mr. Cordray.

Mr. Cordray then launched what he called an "aggressive" litigation strategy. Six law firms so far have been retained to represent Ohio pension funds in new lawsuits; five of the firms donated a total of $300,000 to the state Democratic party candidates' fund in 2008.

Mr. Cordray said the shareholder suits "have nothing to do with politics and everything to do with standing up for Ohio's pension systems, retirees and investors who have been harmed by corporate wrongdoing."

State officials, in deflecting pay-to-play allegations, often say they pick law firms on merit by first issuing a public "request for proposals," or RFP; law firms then compete to be on a list that pension funds will use for any future litigation. But some lawyers say the RFP process itself can be a political fund-raising opportunity.

Rhode Island General Treasurer Frank Caprio told the state Investment Commission on March 26, 2008, that he planned to issue an RFP for additional securities-litigation law firms.

Five days later, Mr. Caprio received 26 campaign donations, totaling $23,000, from people associated with two New York plaintiffs' firms, Labaton Sucharow and Bernstein Litowitz Berger & Grossmann LLP. Both were among the four selected.

Last summer, after local reporters asked about law-firm contributions, Mr. Caprio returned $54,250 from those firms and five others. His campaign committee said it hadn't solicited the donations, and returned them because Mr. Caprio "wanted to assure taxpayers that he makes decisions based on what is best for the state of Rhode Island."

Neither Bernstein Litowitz nor Labaton Sucharow had any comment on the Rhode Island matter.

Once law firms make it onto a pension fund's list of potential litigators, they typically monitor the client's holdings and suggest lawsuits when they spot a stock drop that may be due to some corporate abuse. There's no cost to the pension fund in suing, because the lawyers work on a contingent-fee basis.

In the case of CVS Caremark, on Jan. 15 a lawyer representing Labaton Sucharow contacted Norfolk County's Mr. Connolly and other Massachusetts pension-fund overseers by email.

In the message, reviewed by the Journal, the lawyer recited an alleged "fact pattern" of belated disclosures by the drugstore chain leading to the "biggest drop in 8 years" in CVS's stock price in November.

Two of the pension funds agreed to be represented by Labaton Sucharow in the suit, which alleges CVS didn't disclose certain problems early enough. CVS said it doesn't comment on pending litigation.

A third pension fund suing CVS, the Brockton (Mass.) Retirement System, also received the Labaton Sucharow solicitation, but had just signed up with another law firm. Harold Hannah, the Brockton fund's executive director, says he gets many duplicate lawsuit suggestions. "I'm tired of it," he said.

"A good portion of these cases are ginned up by the plaintiffs' attorneys who go shopping for clients," said Robert Litan, a former Clinton administration Justice Department official now at the Brookings Institution.

"It shouldn't be the case that plaintiffs' lawyers should make contributions to public officials and turn around and get legal business from them," he said. "You want the best lawyer, not the one with the biggest campaign checkbook."

Tensions over the confluence of politics and lawsuits are on show at the $40 billion Massachusetts state pension fund, which in recent years has sued companies including Bear Stearns, Schering Plough and Fannie Mae.

Questions arise when the politicians are officials with influence over the selection of legal counsel for suits filed by public pension funds, a role that can be lucrative.

The pension-fund board's executive director, Michael Travaglini, seems a reluctant litigant. "Nobody has convinced me of the value" of filing such a lawsuit, he said, as opposed to simply claiming a pro-rata share of any eventual settlement in a suit filed by somebody else.

Asked why the Massachusetts board has filed shareholder suits, Mr. Travaglini said the state treasurer and the state's current and past attorneys general have been interested in using such suits to spur corporate-governance reforms. All three officials received donations from securities class-action lawyers, records show.

The state pension board's most recent hiring of securities litigators came in 2005. Mr. Travaglini says the board issued an RFP, mostly at the behest of its chairman, Massachusetts Treasurer Tim Cahill.

While the RFP was pending, Mr. Cahill received $10,000 in $500 donations from people associated with Labaton Sucharow. It was one of four firms later selected. Bernstein Liebhard lawyers and family members contributed $5,500 to Mr. Cahill in the weeks after that firm, too, was selected.

Mr. Travaglini said he didn't know about the donations and they had no effect on the selection process. Mr. Cahill said he would let Mr. Travaglini speak for him.

Massachusetts Attorney General Martha Coakley pushed for a new RFP in 2009 to expand the state's stable of plaintiffs' law firms to as many as 12, according to Mr. Travaglini. "I said, 'This is crazy,' " he said, because his staff was already busy with lawsuit suggestions from the current four firms.

The RFP was put on hold while Ms. Coakley ran, unsuccessfully, for Ted Kennedy's vacant Senate seat. Her staff didn't respond to requests for comment.

In the biggest cases, legal fees can run in the millions. That's what happened in a suit by Calpers, the California pension fund, against **UnitedHealth Group** Inc., where stock options were backdated.

The suit was filed for Calpers by the San Diego law firm of Coughlin Stoia Geller Rudman & Robbins LLP.

That firm is a descendent of the famed plaintiffs' firm once called Milberg Weiss Bershad Hynes & Lerach, which split in two in 2004.

Coughlin Stoia filed the suit for Calpers in July 2006. A month later, Coughlin Stoia and its attorneys contributed $107,000 to the gubernatorial campaign of Phil Angelides, who as California's then-treasurer was a member of Calpers's board.

Asked whether the donations were related to the hiring of the law firm, a spokeswoman for Mr. Angelides declined to say, but said that Mr. Angelides "was one of a number of members of the Calpers board and he had tens of thousands of donations during the eight years he was treasurer." He now leads a national board investigating the causes of the financial crisis.

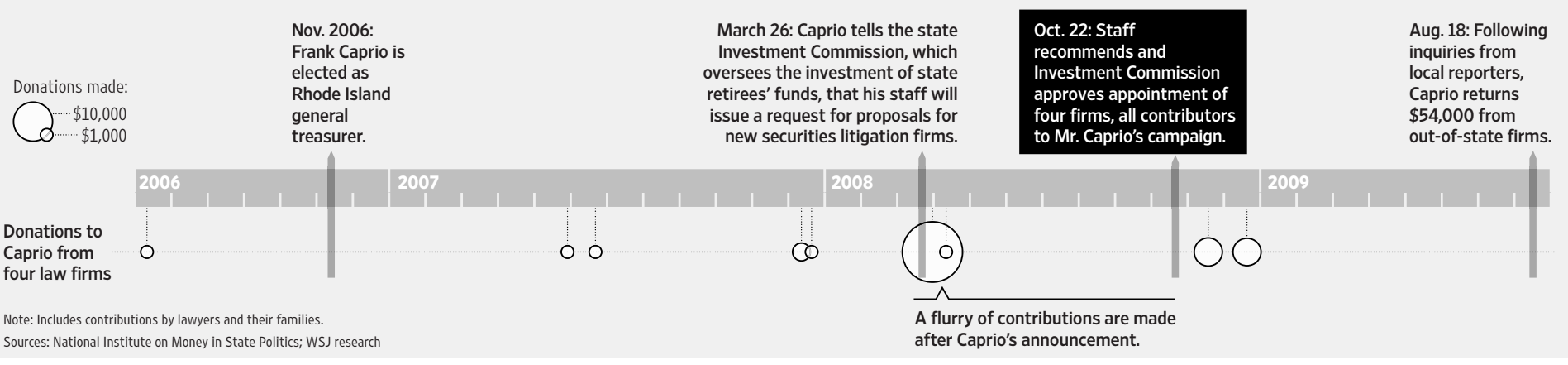
Coughlin Stoia's spokesman—who previously worked for Mr. Angelides—said some of the firm's lawyers "actively support causes they believe in," including candidates.

Calpers said that its general counsel, not the board on which Mr. Angelides sat, picks outside litigators, adding that Coughlin Stoia was chosen based on its experience and resources.

The UnitedHealth suit was settled in August for $925 million. Calpers's share of that came to $3.2 million. The legal fee was $65 million. Most of it went to Coughlin Stoia.

Legal tenders | Plaintiffs' law firms contribute to state and local politicians

One example: How donations and decisions converged in Rhode Island


Donations made:
$10,000
$1,000
Nov. 2006: Frank Caprio is elected as Rhode Island general treasurer.
March 26: Caprio tells the state Investment Commission, which oversees the investment of state retirees' funds, that his staff will issue a request for proposals for new securities litigation firms.
Oct. 22: Staff recommends and Investment Commission approves appointment of four firms, all contributors to Mr. Caprio's campaign.
Aug. 18: Following inquiries from local reporters, Caprio returns $54,000 from out-of-state firms.
2006
2007
2008
2009
Donations to Caprio from four law firms
A flurry of contributions are made after Caprio's announcement.

Note: Includes contributions by lawyers and their families.

Sources: National Institute on Money in State Politics; WSJ research

ON OTHER FRONTS

Seal heart, anyone? Canada preps outpost for G-7 event

Activities include dog sledding, but some delegations can't help wondering: why Iqaluit?

By Phred Dvorak
Iqaluit, Nunavut

Meetings of the Group of Seven finance ministers often are forgettable. Canadian Finance Minister Jim Flaherty claims that Friday's G-7 gathering will be different. "They'll remember Iqaluit," Mr. Flaherty says.

Capital of the newest Canadian territory of Nunavut, Iqaluit lies on an inlet in the southeast corner of vast, barren Baffin Island, about 320 kilometers south of the Arctic Circle. The largely Inuit population that lives here was once nomadic, following seal and caribou across the frozen terrain.

With a population of 7,000, Iqaluit (pronounced ee-KA-loo-it) today is known as a cold-weather testing center for jet makers such as Boeing Co. It has one main traffic intersection and temperatures that can dip to 40 degrees below zero in February.

Canada's Finance Department, the organizer of the G-7 event, has been limited in the activities it could plan. There are only 300 hotel rooms in town. And because some 500 guests, including ministers, security and media are expected, some will have to sleep in dorm rooms.

With a dearth of limousines in Iqaluit, ministers will use the 15 rental cars available from the town's single car-rental agency. After those are full, school buses will ferry around attendees further down the diplomatic food chain.

Because there are no roads leading to Iqaluit—it was little more than an airstrip for decades—all attendees, equipment and vehicles will have to fly or be flown in. Boats can approach only when seas thaw in the summer and early fall.

Security handlers have been prepping locals for the onslaught of international dignitaries. If a resident is armed and driving a snowmobile, he shouldn't approach entourages "in an aggressive manner," advises Sgt. Jimmy Akavak, spokesman for the Royal Canadian Mounted Police, noting that many locals regularly head out of town to hunt seals and caribou.

"It's not all the time you see people on a Ski-Doo with a rifle on their back," Sgt. Akavak says. "Here, that's a normal thing."

Some of the proposed activities have raised eyebrows among attendees. Mr. Flaherty, the finance minister, is hoping to take his fellow ministers and central bank governors dog sledding on Friday. At least one delegate, German Finance Minister Wolfgang Schaeuble, who uses a wheelchair, won't participate, aides say.

The question, whispered among some delegations and suppliers, is: Why Iqaluit? "I don't know who put the G-7 up there," says Steven Douglas, the Washington, D.C.-based manager at **Cellhire USA** LLC, who's assembling a phone-rental system for the meeting because the area lacks coverage for popular GSM cellphones. "All communications are piped in through satellite."

Canada chose Iqaluit over the likes of Montreal and Calgary in part to showcase the "pristine beauty" of its vast north and bring the G-7 back to its roots as an intimate, informal gathering, Mr. Flaherty said. (When Russia attends, the meetings are called the G-8.) "It'll give us a chance to showcase who we are,' says Nunavut Premier Eva Aariak.

The meeting will also underscore Canada's ambitions as an arctic power. As global warming thaws waterways such as the Northwest Passage through the Arctic Ocean, one-time dreams of northern shipping routes are becoming possible. Canada has claimed sovereignty over much of the Northwest Passage, a claim that is disputed by the U.S. Canada has also announced plans for more arctic outposts.

These ambitions will meet cold, hard reality when finance chiefs from the U.S., Europe and Japan don complimentary "G-7" parkas and settle into sealskin-backed chairs to discuss bank reform and aid to Haiti.

But Iqaluit's challenges extend well beyond this weekend's visit by finance chiefs. Growth exploded after Nunavut became a territory in 1999, requiring new administrators, roads and cars for its capital. Traffic, for example, comes up at just about every public-planning meeting. Usually, drivers in Iqaluit can travel the 4.8 kilometers from one end of the city to the other in 10 minutes.

But three times each weekday—before offices open at 8:30 a.m., at lunchtime and after offices close at 5 p.m.—Iqaluit's residents

It's greener in more ways than one.

The Airbus A380 has earned its reputation as the world's greenest long-haul jet. But it's been earning hard dollars at the same time. The moment it entered service, its sheer popularity, combined with the lowest cost per passenger of any large aircraft, has meant more profit, much quicker. Giving its operators a competitive edge in tough times. Simply by introducing A380s on long-haul routes, operators can save millions of dollars a year in cash operating costs, while creating thousands of extra seats. The most exciting plane in the sky is also a proven, working aircraft, making real money, day after day. Airbus A380. See the bigger picture.

airbus.com Airbus, its logo and the product names are registered trademarks.

ON OTHER FRONTS

Phred Dvorak/The Wall Street Journal (3)

A polar-bear skin in front of an Iqaluit house, far left, and a boat beached for the winter by the frozen bay, below. The largely Inuit population that lives here was once nomadic, following seal and caribou across the frozen terrain. City planner Michèle Bertol, left, shows off an aerial map. The city has about 20 kilometers of paved roads and one main intersection, called Four Corners, to the left of Ms. Bertol's finger.

hit the city's few roads en masse, choking the town's intersection of note. Cars back up 20 or 30 deep at Four Corners' four-way stop sign, clogging everything from the Road to Nowhere to the north to Tundra Valley in the southeast.

A stoplight would ease matters, but with only 700 taxpayers, Iqaluit would have a hard time funding the $500,000 purchase. From street signs to backhoes, everything has to be shipped up from the south, at tremendous cost. Building more roads might take the load off the main road, but the city can't build on ground that will turn watery during summer, says Michèle Bertol, Iqaluit's city-planning director.

Complicating the traffic are snowmobiles. Some Iqaluit residents complain drivers don't always obey traffic rules. Adamee Itorcheak, a local resident, retorts that you can't expect snowmobiles to act like cars, particularly after a hunting trip.

Local residents are anxious to see how the dignitaries respond to Saturday's traditional Inuit feast, which has muskox, caribou and seal on the menu—some of it skinned and served raw.

Seals are particularly sensitive: Canada has the largest seal-hunting operations in the world. However, the European Union voted last year to ban seal products to protest commercial seal hunting. Canada, in turn, has protested the ban.

Sealing is a significant part of Inuit culture, says Premier Aariak. "It is something that is very important to us, and we want the whole world to know it." The territorial government will offer G-7 visitors sealskin mittens and vests to wear, should they choose.

The issue became an international cause célèbre last May when Canada's governor general, Michaelle Jean, ate raw seal heart at an Inuit community festival to show her solidarity with traditional seal hunters. The gesture outraged some European anti-seal-hunt activists.

European Union officials point out that the EU ban exempts Inuit sealing, a traditional activity done on a much smaller scale. European animal-rights activists have no problem with the finance czars eating Inuit-procured seal or sitting on Inuit-cured sealskin, says Adrian Hiel, a spokesman for the International Fund for Animal Welfare.

As for France's delegation, they don't mind. The French "eat anything that moves," says an official close to Finance Minister Christine Lagarde. The minister, a vegetarian, has to leave before the dinner, the official adds.

FROM PAGE ONE

Prius complaints hit Toyota in Japan

Continued from first page
tation Secretary Ray LaHood on Wednesday said he wants to talk directly with Toyota Chief Executive Akio Toyoda about safety concerns involving sticking gas pedals in Toyota cars and the company's handling of those issues.

"This is very serious," Mr. LaHood said at a breakfast with reporters in Washington. "After I talk with him, they'll get it. We're going to keep the pressure on."

The U.S. Transportation Department said it is investigating claims that electromagnetic interference might be causing electronic throttle systems to malfunction. The agency said in a statement it has found no evidence to support causes for unintended acceleration other than those it and Toyota have cited: out-of-position floor mats and sticky accelerator pedals.

Also, Toyota has told its U.S. dealers they will be receiving checks from the auto maker to cover the cost of fixing cars recalled for faulty gas pedals and to ensure the dealers provide top customer service, a person familiar with the matter said. The amounts will range from $7,500 to $75,000, depending on how many cars dealerships sold last year, this person said.

Toyota's Mexican unit said it will begin calling in seven models next week for gas-pedal changes. Toyota late Tuesday said it hasn't had any reports of sticky accelerator pedals in Mexico but will make the changes on recent models of the RAV4, Matrix, Camry, Highlander, Tundra, Sequoia and Corolla.

In Japan, the transport ministry confirmed there was an accident in July in Chiba prefecture, just outside of Tokyo, in which a Prius with allegedly faulty brakes rear-ended a car stopped at a red light, which in turn hit two other cars. Two people were injured.

"We asked Toyota to investigate the cause of this accident in August," said a Japanese transport ministry official. A Toyota spokesman Wednesday said: "Based on the information we have received from dealers, there have been no accidents or injuries reported."

The transport ministry official said its recall division receives more than 5,000 vehicle complaints a year and that it routinely asks auto makers to investigate a possible defect if there is an accident involved. The transport ministry received 13 complaints from Prius users over about two months, from the beginning of December until the end of January.

"We have been confirming the facts," said a Toyota spokeswoman.

The Prius reports, and the criticism out of Washington Wednesday, helped send Toyota's shares down 5.7% in heavy trading on the Tokyo Stock Exchange. The problem spread to some of Toyota's key suppliers, as investors appeared to worry about longer-term damage to the auto maker's sales.

Despite reporting strong earnings Wednesday for the nine months ended December and a brighter outlook for the fiscal year, **Denso** Corp., the world's biggest listed auto-parts supplier, lost 3.2%. **Aisin Seiki** Co., which lifted its net-profit outlook for this fiscal year to three billion yen ($33.2 million) from a loss of 18 billion yen, tumbled 5.3%.

The recall crisis, the biggest ever to hit Japan's once-mighty auto maker, has led to questions about whether it could affect the perception of Japan Inc. as a whole With the nation's economy in the doldrums and deflation re-emerging as a threat to growth, Japan's strength ultimately resided in the global competitiveness of its top companies: Toyota, **Sony** Corp., **Honda Motor** Co. Now, the country's top corporations are in the firing line.

Two leading Japanese auto executives on Wednesday voiced concern that the recall crisis could tarnish Japan's auto industry on a broader level by eroding consumer trust.

"Because Toyota is a symbolic manufacturer, [the recall] could end up damaging the image" of all Japanese car makers, said Masao Ohmichi, **Mitsubishi Motors** Corp.'s executive officer, said at a press conference. Koichi Kondo, Honda's executive vice president, mirrored his comments, saying: "As Toyota is the front-runner, there would be somewhat of an impact on the [perceived] reliability of Japanese cars."

But Japanese consumers so far seem relatively unscathed by the bad news stemming from Toyota's recall. Kayo Yamamoto, a 40-year-old homemaker who has driven a Toyota Harrier—a scaled-down version of a sport-utility vehicle—for nine years, said: "I'm not worried about safety at all with my car, as I have never had any problems, and also because it's old," referring to the fact that the defects have been detected in more recent models.

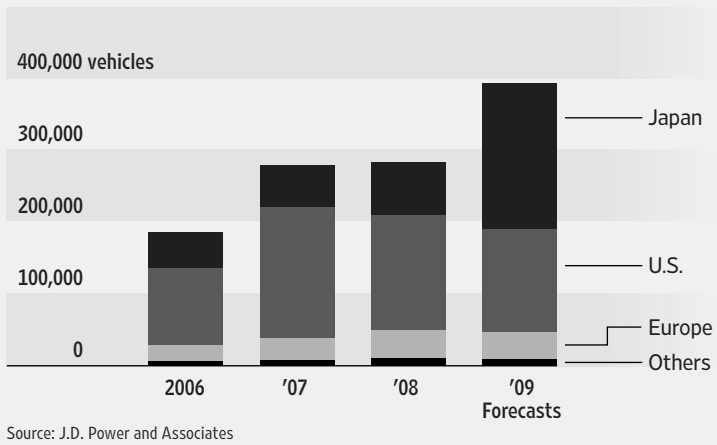
Toyota's brake-pedal problems haven't shaken her trust in its cars at all. "I still feel that it's safe since it's Toyota. I cannot explain well why I feel that way. But I trust Toyota."

—Miho Inada, Yoshio Takahashi, Daisuke Wakabayashi, Joseph B. White and Neal E. Boudette contributed to this article.

Reuters

Japan's transport ministry asked Toyota to investigate complaints related to the newest Prius hybrid. A worker cleaned a Prius in a Tokyo showroom Wednesday.

Another worry | World-wide Toyota Prius sales



Source: J.D. Power and Associates

WSJ.com

Online today: Track previous large-scale auto recalls at **WSJ.com/Business.**

China issued record number of patents in 2009

Continued from first page
tempt to decrease patent fraud and streamline the filing process, but critics say many aspects of the new rules remain unclear.

These critics also say the new patent guidelines and a number of other policies—known under the rubric of "indigenous innovation"—include government procurement regulations that favor local companies, national homegrown technology standards for mobile networks, and limits on royalties paid for foreign technology.

China says the new patent policies don't discriminate against foreign companies, but foreign industry officials say certain aspects of the rules still need to be clarified.

Chinese authorities say their policies don't discriminate against foreign companies, but foreign industry officials say certain aspects of the policies still need to be clarified.

The new patent regulations could complicate research in China for companies like **Pfizer** Inc. and **Microsoft** Corp., which have significant research and development investments in China.

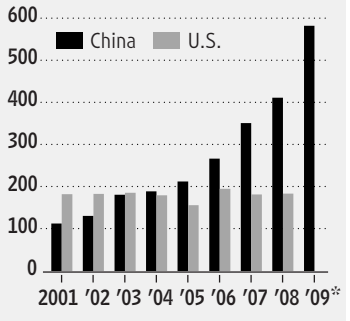
The new rules, for example, require that all patent applicants who complete inventions in China apply for security clearance—a process that can take up to six months—before applying for patents abroad. They require patent applicants to declare any use of hereditary material obtained from humans, animals, plants or microbes if inventions are dependent on those genetic resources. They also force patent holders to license their patents to other producers if patents aren't "fully exploited" or if patent owners are deemed to be using the patents in an anticompetitive manner.

Mark Cohen, an attorney at law firm Jones Day in Beijing, said the rules create uncertainties that could result in extra expense and delay for companies. Because so much research is conducted cross-border, it is unclear what constitutes an invention made in China that would result in the security examination, he said. The delay could increase the risk of trade-secret theft because it extends the period during which people can access the information or copy it before the invention is patented.

"There were some improvements made in the patent law, [but] there's a lot to be concerned about," Mr. Cohen said. "If used in a mercantilistic manner" to disadvantage foreigners, "then we have major issues."

Registered

Number of patents issued, in thousands



*Data for the U.S. not available
Source: State Intellectual Property Office, China; U.S. Patent and Trademark Office

At Wednesday's news conference, officials defended the new law. The rules would improve China's "level and capability of invention," said Yin Xintian, spokesman for China's State Intellectual Property Office. Mr. Yin said the four- to six-month waiting period is the maximum and that in many cases the waiting period would only be a few days—in line with similar U.S. regulations.

Other concerns include the compulsory licensing of patents. It is unclear how the government will determine that a patent is being misused, or how much patent owners will be paid if they are forced to license their patent.

"Owning the patent could subject you to the government expropriating it," said Mr. Cohen. "What's the compensation? What's the process?"

——Sue Feng in Beijing and Ellen Zhu in Shanghai contributed to this article.

Indonesia's Garuda puts IPO back on the runway
BUSINESS & FINANCE 21

India government's IPOs: Don't use the P-word
HEARD ON THE STREET 32

BUSINESS & FINANCE.

Thursday, February 4, 2010 THE WALL STREET JOURNAL. asia.WSJ.com

Shinsei-Aozora Bank talks stall

Merger discussions hit a snag over major issues including strategy and capitalization of the combined bank

By Alison Tudor

TOKYO—Merger talks between Japanese lenders **Shinsei Bank** Ltd. and **Aozora Bank** Ltd. are stalling over key issues such as strategy and capitalization of the combined bank, said people familiar with the matter, complicating a key aim of their U.S. private-equity backers.

Both banks continue to work toward the $4.9 billion merger and could still reach an agreement, these people said. But talks could slip past the October deadline if the problems aren't ironed out in time, they said.

"We are hoping that the right outcome is reached soon," said Shinsei Chief Financial Officer Rahul Gupta on an earnings conference call Wednesday. But he added, "Clearly there are a number of issues that need to be resolved. It is progressing slowly."

"It is more important for us to spend time to get it right than just be dictated by a certain date," he said.

Private-equity firm **J.C. Flowers** & Co. owns 32.5% of Shinsei, while **Cerberus Capital Management LP** holds about 55% of Aozora. The Japanese government is also a major shareholder and would own 23.9% of Shinsei and about 22% in Aozora if its preference shares were converted. The combination would create Japan's sixth-largest lender, with combined assets of about 18 trillion yen, or about $199 billion, as of March.

The two banks began merger talks on the basis that if either party wasn't satisfied with the capital

Please turn to page 24

■ MUFG and Shinsei swing to a profit. 25

Yes, maybe?
A look at the two players

	Aozora Bank	Shinsei Bank
2009 REVENUE	$2 billion	$6.6 billion
EMPLOYEES	1,440	2,041
MARKET VALUE	$2.0 billion	$2.5 billion

Note: Fiscal year ended March 31 in the year shown
Source: the companies; WSJ Market Data Group (market value)

Bloomberg News (2)

Honda, Mitsubishi post strong results

By Yoshio Takahashi

TOKYO—**Honda Motor** Co. and **Mitsubishi Motors** Corp. Wednesday reported improved earnings for the fiscal third quarter, further brightening the outlook for Japanese auto makers despite the troubles that are plaguing **Toyota Motor** Corp.

Honda, Japan's second-largest auto maker by volume after Toyota, said its net profit grew more than six-fold in the October-December quarter to 134.63 billion yen ($1.49 billion) from the previous year, as cost-cutting and sales growth in booming Asian markets offset the yen's strength.

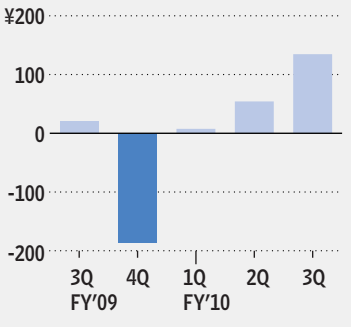
The result was almost double the 73.5 billion-yen net profit mean forecast by analysts polled by Thomson Reuters. The company raised its net profit outlook for the full year ending March to 265 billion yen from 155 billion yen.

Mitsubishi Motors, the maker of the Outlander and Pajero sport-utility vehicles, posted earnings of 10.7 billion yen, its first profit in five quarters. A year earlier, the company reported a net loss of 17.54 billion yen.

Mitsubishi Motors also raised its vehicle sales outlook in volume terms by 3% for the full business year, suggesting that cost-cutting and a focus on sales promotion in recovering marketing areas are paying off.

The results show cost cuts implemented during the soft auto market earlier in the year have paid off.

Honda Motor
Net profit/loss, in billions of yen



Note: Fiscal years end March 31 of years shown.
Source: the company

Both of the auto companies are also benefiting from interest from Asian consumers, who have shown themselves to be more resilient than their counterparts in other places and have resumed buying cars.

On Tuesday, Toyota reported that January sales in the U.S. fell 16% from a year earlier amid a recall and sales halt of more than half its vehicles. Honda, meanwhile, reported that its U.S. sales fell 5%, as car sales grew 2.7% but truck sales dropped 15%.

The latest quarterly results from Honda and Mitsubishi come amid lingering industrywide concerns about the effect of the easing of government efforts to stimulate consumer activity.

Honda's shares rose 2.3% Wednesday, while Mitsubishi's

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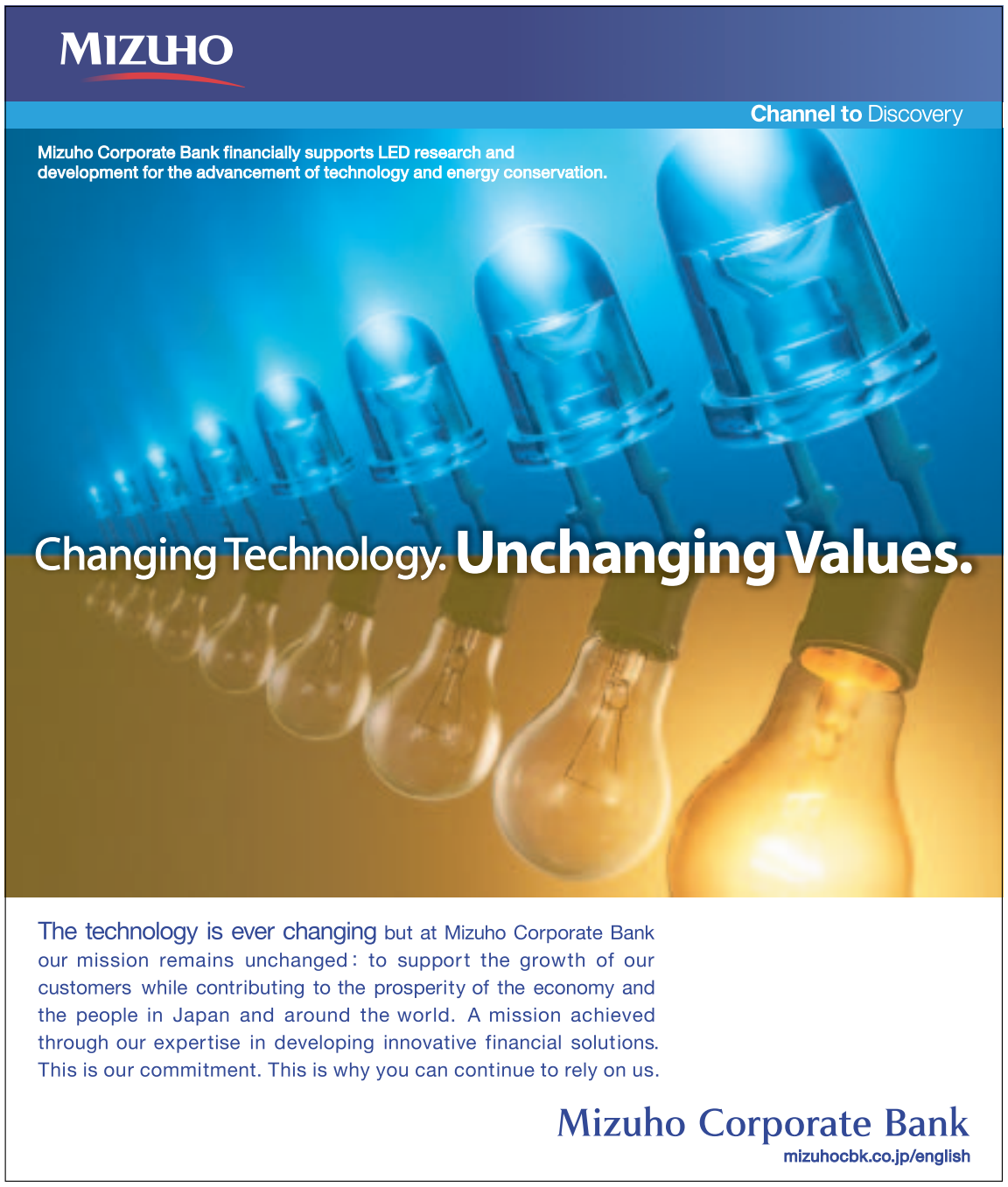
MIZUHO
Channel to Discovery
Mizuho Corporate Bank financially supports LED research and development for the advancement of technology and energy conservation.
Changing Technology. Unchanging Values.
The technology is ever changing but at Mizuho Corporate Bank our mission remains unchanged: to support the growth of our customers while contributing to the prosperity of the economy and the people in Japan and around the world. A mission achieved through our expertise in developing innovative financial solutions. This is our commitment. This is why you can continue to rely on us.
Mizuho Corporate Bank
mizuhocbk.co.jp/english

Ford to delay decision on Thai plant

Investment plans are put on hold in the wake of a court injunction affecting industrial zone on eastern seaboard

By James Hookway

BANGKOK—**Ford Motor** Co. said Wednesday it isn't ready to commit to a new passenger-car plant in Thailand, raising concern that a court injunction last year suspending a series of proposed investments on the country's eastern seaboard is tarnishing the country's reputation as a dependable base for international manufacturers.

Thai Prime Minister Abhisit Vejjajiva told reporters following his government's weekly cabinet meeting Tuesday that the U.S. auto company has put its investment plans on hold because of the court injunction.

Sixty-four projects remain suspended at the Map Ta Phut industrial zone after 76 projects valued at $12 billion were stopped by Thailand's Administrative Court in late September on environmental grounds.

Ford, which in previous years has turned Thailand into a major production base exporting to over 50 countries, didn't directly refer to the injunction in a statement on its business plans released Wednesday. Its businesses aren't among those specifically mentioned in the court order.

But the injunction also makes it difficult for companies to do business in areas under the jurisdiction of Thai industrial-estate regulators. And that makes it hard for firms to go ahead with their plans until the Thai government has put in place the necessary environmental-assessment mechanisms to meet the court's requirements that all projects be properly approved—a process that could take months.

Agence France-Presse

A Thai worker during the July 2007 celebration of the one-millionth Ford pickup produced at a factory in Rayong province

In its statement, Ford said there are "ongoing assessments" regarding its investment plans, and "a number of related factors must still come together before any decisions could be considered."

Ford also said the company "strictly complies with our own international standards for health and environment which meet or exceed all regulatory requirements that apply to our business world-wide."

December's court order reflects growing fears in Thailand over pollution after years of rapid economic growth that have turned what was a mostly agrarian economy into a major exporter. Activists last year brought a case seeking to suspend a series of investment projects on Thailand's industrial seaboard east of Bangkok, arguing that the government hadn't properly assessed them in accordance with Thailand's constitution.

The Administrative Court agreed, suspending 76 projects until the government can develop a mechanism to assess them and allow them to proceed.

The government appealed, and the Supreme Administrative Court ruled that 64 projects must remain on hold.

Now environmental activists say they are planning to stop other projects around the country. They have identified 181 sites they are looking at, potentially derailing the investment plans of Ford and other companies.

A number of investor groups have raised concerns about whether Thailand can quickly develop the institutions that are required to give the delayed projects the all-clear. The Japanese Chamber of Commerce in Thailand on Jan. 28 warned that some members may relocate if the problem persists.

Mr. Abhisit said the Thai economy could expand 4.7% this year if the suspensions at the Map Ta Phut industrial zone are resolved quickly. If not, Thailand's growth rate is more likely to reach 3.5%.

Honda, Mitsubishi results climb

Continued from previous page

shares rose 0.8%. Tokyo's Nikkei Stock Average of 225 companies rose 0.3%.

Honda's executive vice president, Koichi Kondo, reiterated that his company had no plans for a special sales campaign to encourage Toyota owners to trade in their vehicles to buy Hondas—unlike other car makers, including General Motors Co., which are offering customers $1,000 to trade in their Toyotas to purchase a new car or truck.

Honda reported that third-quarter sales declined by 12% to 2.241 trillion yen from 2.533 trillion yen a year earlier. However, Honda's operating profit shot up by 73% to 176.97 billion yen from 102.45 billion yen.

Weighed down by a falloff in sales volume and the yen's strength, Mitsubishi's sales during the just-ended quarter fell by 15% to 379.10 billion yen from 444.16 billion yen a year earlier. However, cost cuts helped the company swing to an operating profit of 12.67 billion yen from a loss of 5.43 billion yen a year earlier.

For the current fiscal year, Honda raised its operating profit forecast to 320 billion yen from 190 billion yen. The company boosted its sales projection to 8.53 trillion yen for this fiscal year, from 8.45 trillion yen.

Mitsubishi Motors left unchanged its forecast for this fiscal year through March. The company continues to expect a net profit of five billion yen, an operating profit of 30 billion yen and sales of 1.5 trillion yen. But the company revised upward its sales outlook in volume terms to 960,000 vehicles for the full business year, which is about 3% higher than its outlook in October.

South Korean prosecutors arrest three chip executives

South Korean prosecutors Wednesday arrested two executives of **Applied Materials** Inc. and an executive from **Hynix Semiconductor** Co. on suspicion of stealing chip-making technology from **Samsung Electronics** Co., according to local media accounts.

Another 14 people from Applied Materials, a U.S.-based maker of semiconductor equipment, and Hynix, and one from Samsung, are under investigation in the matter, prosecutors told local reporters.

The executives were allegedly involved in taking documents from Samsung and giving them to Hynix officials. Some of the incidents took place in the U.S., prosecutors said.

Applied Materials disclosed the arrest in a regulatory filing in the U.S. It said there are "meritorious defenses to the charges" and it is taking appropriate measures. Hynix, in a statement issued to local media, said it didn't use leaked technology from a rival.

A Samsung spokesperson told Korean reporters a supplier leaked "core technology" to competitors.

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Corrections & Amplifications

The Lippo Group is the largest single owner of the **Lippo Centre** in Hong Kong. A photo caption accompanying a Property Report article Wednesday about the death of Ng Teng Fong incorrectly said Sino Land owned the Lippo Centre.

Timothy McVeigh used an ammonium nitrate bomb, mixed with fuel and weighing approximately 5,000 pounds, to destroy the Alfred P. Murrah Federal Building in Oklahoma City in 1995. A Jan. 25 World News article incorrectly reported the bomb's weight to be 600 pounds.

Bloomberg News

CEO Emirsyah Satar, shown Wednesday in Singapore, says Garuda is close to restructuring $760 million of debt.

Garuda restarts its IPO

Airline's share sale, planned for midyear, could raise $300 million

By P.R. Venkat and And Tom Wright

PT **Garuda Indonesia** plans to raise $300 million in an initial public offering around the middle of the year, the Indonesian state-owned carrier's chief executive, Emirsyah Satar, said on the sidelines of the Singapore Airshow.

Garuda's plans to list shares have been delayed in recent years due to the airline's debt problems and concerns about safety following a string of fatal crashes. But Garuda has cut its debt through cost-saving measures and Mr. Satar said it is close to restructuring $760 million in debt, a prerequisite to a successful IPO. Garuda said in January that it reached an agreement with investors to restructure notes that were due in 2007.

In 2008, Garuda turned a net profit of $66 million after years of losses as it tapped in to the nation's natural resources-fueled economic growth, which is expected to top 5% this year. That growth has propelled Indonesia, an archipelago of hundreds of islands between which boat travel can take days, to become one of the world's fastest-growing aviation markets. Garuda hasn't issued results for 2009.

Mr. Satar also has invested in new aircraft and implemented tougher safety standards, helping to restore Garuda's battered safety image. In June, the airline plans to begin flying to Amsterdam after the European Union last summer partially lifted a ban on Indonesian aircraft flying to Europe. The airline recently added routes to Australia and other destinations in Asia and the Middle East.

The IPO proceeds will be used to fund Garuda's "long-term growth plans," Mr. Satar said. "We have yet to determine the underwriters. The IPO will either be in late second quarter or early third quarter of this year."

Garuda plans to increase its fleet size to 116 over the next five years from its current 67, he said. The company will take delivery of 24 aircraft this year.

The fleet will be based mainly on **Boeing** 737-800s and Airbus A330-300/20s, which are operated on medium- and long-haul routes.

Mr. Satar said that Garuda has converted the orders for 10 Boeing 787 jets it made two years ago into purchases of Boeing 777-300E aircraft, as the carrier wasn't willing to wait out the delays in the production of the 787 plane.

"The airline will introduce the 10 Boeing 777 on new ultra-long-range flights starting 2011 as it expands its international network," he said.

Garuda said it plans to add 10 domestic routes this year. Among international destinations, the airline is looking to fly to European destinations such as Frankfurt, Paris, London and Rome in addition to Amsterdam.

Mr. Satar said that Garuda is looking at creating a separate low-cost carrier by the end of this year to meet the growing demand for domestic and short-haul travel. It would operate about 20 planes.

"We are in the process to get regulatory approvals to establish the entity," he said.

Sharp returns to profit on LCD-television sales

By Kenneth Maxwell And Juro Osawa

TOKYO—**Sharp** Corp. said resurgent sales of liquid-crystal-display television sets helped it bounce back to a profit in its fiscal third quarter, following large losses a year earlier in the trough of the recession.

But in what may be a pointer for earnings at Sharp's Japanese electronics peers, the country's largest maker of LCD-TV sets by sales left its outlook for a slender net profit in the fiscal year through March unchanged as sluggish consumer spending in the U.S. and Europe offsets growing demand in China.

Sharp said net profit was 9.1 billion yen ($100.7 million) for the three months ended December, below a mean estimate of 11.1 billion yen compiled by Thomson Reuters. In the same period a year earlier, the maker of Aquos TVs booked a net loss of 65.8 billion yen, absorbing about 65 billion yen in one-time charges as it felt the impact of the economic downturn.

Reporting earnings a day before consumer-electronics giant **Sony** Corp. and two days before **Panasonic** Corp., Sharp said its fiscal third-quarter operating profit was 21 billion yen. That compared with an operating loss of 15.9 billion yen a year earlier. Revenue was practically unchanged at 735.3 billion yen.

Sharp's audiovisual and communications equipment business, which include TVs and cellphones, posted a 4.9 billion yen profit in the quarter, reversing from a 21.8 billion yen loss a year earlier.

Veto of CSR demerger spurs sale talk

By Cynthia Koons

SYDNEY—An Australian judge dismissed **CSR** Ltd.'s proposed demerger of its sugar unit, prompting speculation that the Australian conglomerate might reconsider an offer for the business by China's state-owned **Bright Food Group** Co.

The federal judge rejected the proposal based on uncertainty about how a demerged CSR would fund its ongoing asbestos liabilities. CSR defended the demerger proposal and said it would advise the market when it had considered all the legal and commercial aspects of the judge's decision.

"CSR will continue to responsibly meet asbestos claims, as it has for over 20 years," the company added.

Food producer Bright Food last month said it approached CSR about buying the business for no more than 1.5 billion Australian dollars, or roughly US$1.3 billion. A spokesman for Bright Food said it "remains interested in the sugar assets of CSR."

"One of the issues they had with Bright Food's proposal was it came at the late stages of the demerger. If the demerger has been rejected, there's a new time frame they've got to work these things out," Ben Kakoschke, an analyst at Patersons Securities, said.

DAILY SHARE PRICE OVER THREE MONTHS

CSR

Wednesday's last trade: **A$1.84**, suspended until Friday

Source: Thomson Reuters Datastream

CSR said last week it wasn't satisfied that Bright Food would present a proposal that was "sufficiently certain" and "clearly superior" to the demerger ahead of the demerger shareholder vote, which had been scheduled for mid-March.

The issue of how CSR would fund its asbestos claims came up after the Australian Securities and Investments Commission and others raised concerns. As of March 31, CSR had resolved 2,544 claims in Australia and 130,000 in the U.S., with 632 cases pending in Australia and 1,713 outstanding in the U.S.

CSR had proposed funding the liabilities exclusively from its remaining building products and aluminum business, which the claims are against. The company has a A$446 million provision for asbestos liabilities on its balance sheet.

The median value for the business, based on a poll of analysts in October after CSR announced details of the demerger, was A$1.15 billion. But the range of valuations is great, with one analyst estimating the company is worth up to A$1.9 billion.

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Pfizer tempers outlook

For latest quarter, drug maker's sales, profit jumped due to Wyeth

By Peter Loftus

Pfizer Inc.'s fourth-quarter earnings more than doubled from a year-earlier, when results had been damped by a legal settlement. The acquisition of Wyeth helped push up sales by 34%.

While the New York-based drug giant predicted growth in sales and adjusted earnings for 2010, the earnings outlook fell short of Wall Street expectations. Pfizer also lowered the 2012 financial targets it provided last year in conjunction with the Wyeth deal, citing subsequent asset divestitures.

"We think the Street will be a bit disappointed, but we think half a quarter is not enough time to judge the success of the now-combined" companies, Miller Tabak analyst Les Funtleyder said.

The Wyeth deal helps Pfizer fill the gap created by patent expirations for its top-selling drugs, brings a more diversified business model and creates an opportunity to substantially reduce costs. On that front, Pfizer said Wednesday it had cut about 4,200 jobs since the close of the Wyeth deal, leaving it with a world-wide work force of about 116,500 as of Dec. 31.

Pfizer's fourth-quarter net income attributable to the company rose to $767 million, or 10 cents a share, from $266 million, or 4 cents a share, a year earlier.

The latest quarter included charges related to restructuring and the Wyeth purchase, while the year-earlier quarter included a charge for the $2.3 billion settlement of government investigations into Pfizer's sales and marketing practices for the pain drug Bextra and other products.

Excluding special items, adjusted fourth-quarter earnings totaled 49 cents a share.

Associated Press

Pfizer's earnings rose to $767 million from $266 million a year earlier.

Pfizer's fourth-quarter revenue rose 34% to $16.5 billion, helped by the addition of the Wyeth products as well as favorable currency-exchange trends.

Total biopharmaceutical sales for the fourth quarter rose 30% to $14.6 billion. Lipitor sales inched up 1% to $3.18 billion. Lipitor, the No. 1 prescription drug in the world by sales, has seen an overall slowdown in sales growth in recent years because of the availability of cheaper generic cholesterol drugs. Lipitor loses its patent protection next year.

Pfizer's fourth-quarter sales of Wyeth products don't reflect a full quarter's worth because the deal closed Oct. 15.

For 2010, Pfizer sees earnings of 95 cents to $1.10 a share, or $2.10 to $2.20 a share excluding certain costs. The company predicted full-year revenue of $67 billion to $69 billion. Analysts had been forecasting 2010 earnings of $2.27 a share on revenue of $67.5 billion, according to Thomson Reuters.

Looking further ahead, Pfizer's new 2012 forecast calls for earnings of $2.25 to $2.35 a share, excluding items, on revenue of $66 billion to $68.5 billion. The company had previously predicted 2012 earnings comparable to Pfizer's 2008 adjusted earnings of $2.42 a share, and sales comparable to the roughly $70 billion in combined 2008 sales of Pfizer and Wyeth.

Pfizer said the reduced 2012 outlook was due to divestitures of animal-health assets and other items that lowered the revenue target by about $1.5 billion.

—Nathan Becker contributed to this article.

Genentech takeover weighs on Roche net

By Anita Greil

Roche Holding AG reported a 13% decline in full-year profit as expenses related to last year's takeover of U.S. biotechnology firm Genentech weighed on the bottom line, but brisk sales of the flu-drug Tamiflu and cancer medicines drove revenue higher.

Prescription drug sales are off to a strong start in 2010, the Swiss drug maker said, adding it expects a rise of around 5% this year.

Profit fell to 7.78 billion Swiss francs ($7.37 billion) from 8.97 billion francs a year earlier. The latest figure includes expenses of 2.4 billion francs related to the acquisition of Genentech.

Sales rose 7.5% to 49.05 billion francs from 45.62 billion francs. In local currencies, sales increased 10%, highlighting the pressure of the Swiss franc's strength last year.

Sales of Tamiflu surged to 3.2 billion francs, more than four times the year-earlier figure, as governments across the world bought the drug in bulk to protect their citizens against a possible pandemic. Roche expects Tamiflu sales to fall to 1.2 billion francs this year, now that governments have filled inventories.

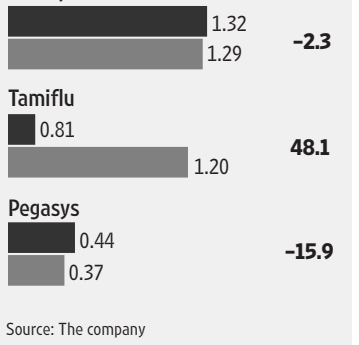
Sales of prescription drugs rose strongly for the year, but growth slowed markedly in the fourth quarter. Chief Executive Severin Schwan traced the drop to the way Roche now handles inventories at wholesalers that buy its drugs in bulk, adding that the company expects to save money because of the changes. "We have reduced inventories held by wholesalers, a move that is improving cash management," he said. "Our drugs are being prescribed at the same pace as before, but the rise in actual goods sold was lower in the fourth quarter because we sold less to wholesalers."

Core earnings per share—a measure of profitability that excludes noncash expenses and other items and is now used by most pharmaceutical companies—rose to 12.19 francs from 11.04 francs. Roche also raised its dividend to six francs a share from five francs.

The company said it expects total sales to increase at a mid-single-digit rate this year, and core earnings per share to rise at least 10%.

Tapering off

Fourth-quarter sales of some key Roche drugs slowed, while Tamiflu's surged.



Source: The company

UMC and Siliconware swing back to profit

By Jessie Ho
And Charmian Kok

TAIPEI—**United Microelectronics** Corp. and **Siliconware Precision Industries** Co. returned to profit in the fourth quarter, suggesting the technology industry is recovering in tandem with the global economy.

Hsinchu-based UMC expects positive growth this year while Siliconware plans to build factories to meet demand.

In the three months ended Dec. 31, UMC, the world's second-largest contract chip maker by revenue after **Taiwan Semiconductor Manufacturing** Co., had a net profit of 4.4 billion New Taiwan dollars (US$137.3 million), reversing from a record net loss of NT$23.51 billion a year earlier. Results for both companies exceede expectations.

The result was higher than the average NT$4.11 billion net profit forecast of seven analysts polled earlier by Dow Jones Newswires. Analysts had expected a net profit because of improving demand.

UMC said its gross profit margin narrowed to 25.9% in the fourth quarter from 27.9% in the previous quarter, and its capacity utilization rate fell to 86% from 89% in the third quarter.

The chip maker expects its capital expenditure for this year to be US$1.2 billion to $1.5 billion, up from US$551 million in 2009.

"In 2010, both the foundry industry and our operations will have very positive growth," UMC Chief Executive Shih-Wei Sun said. Mr. Sun said UMC's total capacity will increase 12% this year, adding that capacity growth for 12-inch wafers will surge 25%.

Siliconware Precision Industries, a back-end services provider, said it had a fourth-quarter net profit of NT$4.3 billion due to strong orders from upstream chip makers.

UMC expects positive growth, while Siliconware plans to build factories to meet demand.

The island's second-largest chip-packaging and testing company by revenue after **Advanced Semiconductor Engineering** Inc. said its fourth-quarter net profit reversed a net loss of NT$1.03 billion in the same period a year earlier.

Revenue in the three months ended Dec. 31 rose 35% to NT$16.81 billion.

Esprit net falls despite improvements

By Kate O'Keeffe

HONG KONG—**Esprit Holdings** Ltd. said its fiscal first-half net profit fell 5.2% from a year earlier as disappointing wholesale business offset the improvement in its core retail operations.

Esprit, which competes with **Hennes & Mauritz** AB and **Inditex** SA in the global apparel retail market, said it sees the global retail market continuing to improve.

The company said a top priority for the group and an investment focus will be expanding in mainland China, even though demand in its wholesale operations fell during the period. In December, Esprit said it would take full control of its China operations by buying out its joint venture partner.

Esprit said earlier that China could eventually replace Europe, which makes up 85% of the company's revenue, as its biggest market.

Esprit's net profit for the six months ended Dec. 31 totaled 2.71 billion Hong Kong dollars (US$348.9 million), down from HK$2.85 billion a year earlier. Revenue for the period fell 3.1% to HK$18.48 billion from HK$19.06 billion, with revenue from wholesale operations, which accounts for 47% of total revenue, down 14%.

Esprit's 5.2% drop in first-half net profit beat Citigroup's expectation for a 28% decline in net profit and Daiwa's forecast for 24% fall.

Bloomberg News

Esprit's net fell 5.2%. CEO Ronald Van der Vis is shown in Hong Kong Tuesday.

Esprit shares rose 7.9% to HK$57.90 Wednesday.

The better-than-expected results were boosted in part by a 9.5% growth in retail revenue during the period to HK$9.62 billion from HK$8.79 billion.

"The retail operating environment remained volatile but we noticed some signs of improvement in the second quarter of the financial year," the company said, noting that while its comparable store sales fell 1.2% year-to-year in the first half, they improved from a 3.5% fall in the first quarter to a 0.4% increase in the second quarter.

The improvement in Esprit's retail business comes as it continued to expand the segment. It extended its retail distribution network in the first half by opening 46 directly managed retail stores and closing 18, bringing the total number to 829 at the end of December.

Esprit's robust retail business was nonetheless overshadowed by a weak wholesale business. It said the decline was partly due to the loss of revenue from bankrupt customers and lower demand from existing wholesale customers.

"Wholesale order booked for the period from January to April 2010 still shows an average mid-teen percentage year-on-year decline...but the trend has been improving month by month," said Esprit.

News Corp. cites rebound in ad sales

By Shira Ovide

News Corp. returned to a profit for its fiscal second quarter and raised its earnings outlook for the rest of its financial year, citing rebounding advertising sales, the success of the movie "Avatar" and optimism about payments for its television stations.

The company, based in New York, is the first of the U.S. media conglomerates to post results for the last three months of 2009, and investors are looking to it for signs of how the ad market is shaping up for this year. Company executives said the market is sound, but they cautioned that ad spending has been tough to predict.

News Corp. said it expects stronger results from its film division, led by "Avatar," the 3-D science-fiction movie that has rung up more than $2 billion in ticket sales world-wide. Box-office revenue for the film, which opened in mid-December, will begin flowing into the company's coffers in the current quarter.

The company projected operating income would increase "in the low 20% range," excluding some items, for the year ending June 30. Previously, the upper end of its forecast called for an increase by a low-double-digit percentage.

News Corp. owns the Fox broadcast network, local TV stations, a movie studio and a string of cable networks, including FX and Fox News Channel as well as The Wall Street Journal.

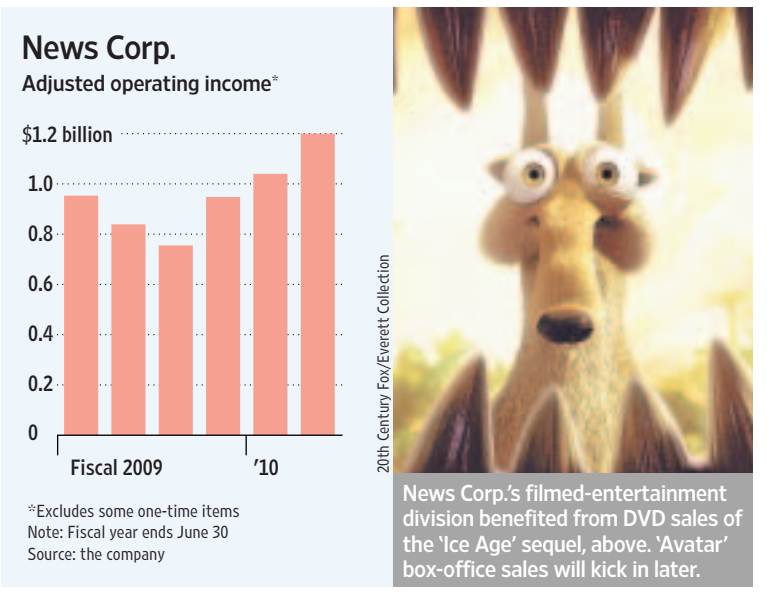
For the second quarter, ended Dec. 31, the company posted earnings of $254 million, or 10 cents a share. Profit was dented by a $500 million legal settlement over a case involving the tactics of a marketing business.

A year earlier, News Corp. posted a loss of $6.4 billion, or $2.45 a share, after writing down the value of several businesses, including Journal parent Dow Jones & Co.

Revenue rose 10% to $8.68 billion.

News Corp. said it will increase its semiannual dividend by 25% to 7.5 cents a share. The increase will cost News Corp. less than $80 million a year. Investors have been asking about News Corp.'s plans for its cash stockpile.

Results were weak at European pay-TV companies Sky Italia and Sky Deutschland and the MySpace social-networking site. But News Corp. executives said Web traffic is MySpace are stabilizing.



20th Century Fox/Everett Collection

News Corp.'s filmed-entertainment division benefited from DVD sales of the 'Ice Age' sequel, above. 'Avatar' box-office sales will kick in later.

Time Warner reports profit, raises dividend

By Kerry Grace Benn

Time Warner Inc. moved back into the black for the fourth quarter, rebounding from a large write-down a year earlier. The company reported strength in its film and television-networks businesses.

The media giant also raised its quarterly dividend 13% to 21.25 cents a share. The move came a day after competitor **News Corp.** raised its six-month dividend for both classes of its stock by 25%.

Strong results from both Time Warner and News Corp., which owns The Wall Street Journal, are an early sign that pressures on the media industry may be easing. Media companies have been struggling with the rise of the Internet as well as the lingering effects of an advertising downturn that came with the global financial crisis.

Time Warner has been shuffling its broad portfolio of media properties, shedding noncore or financially draining properties. It spun off its cable business last year and did the same with AOL in December, a decade after an ill-fated $106 billion merger with the Internet portal.

The other major drain, magazine division Time Inc., has slashed jobs and restructured. The company takes the view that much of the downturn in magazine advertising is "cyclical," rather than permanent, though analysts have said they expect Time Inc. to be next up for restructuring.

Time Warner reported profit of $627 million, or 53 cents a share, from a year-earlier loss of $16.03 billion, or $13.41 a share. The year-earlier results included a $7.2 billion write-down. Adjusted earnings rose to 55 cents from 19 cents, while revenue rose 2.2% to $7.32 billion.

Operating profit at the company's networks business rose 32% as revenue climbed 4.1%. Filmed-entertainment earnings jumped 61% while revenue rose 6.6%.

Chairman and Chief Executive Jeff Bewkes said the studio and networks posted record profits and invested more in programming and production.

Time Warner also said it expects 2010 adjusted earnings to grow by a percentage "in the midteens" from last year's $1.83 a share.

AEGON
EUR 1,000,000,000
Accelerated Bookbuilt Offering
Joint Bookrunner
August 2009 | ABN AMRO

asciano
AUD 2,350,000,000
Placement and Rights Issue
Joint Lead Manager and Underwriter
June 2009

delta lloyd groep
EUR 1,088,800,000
Initial Public Offering
Joint Bookrunner
November 2009

Ford
USD 2,875,000,000
Convertible Bond Offering
Joint Bookrunner
November 2009

SAP
EUR 1,500,000,000
Refinancing of RCF
Joint Bookrunner and
Mandated Lead Arranger
September 2009

RioTinto
AUD 4,244,000,000
Rights Issue
Joint Bookrunner
July 2009

noble group
USD 850,000,000
6.75% 144A / Reg S
Senior Notes Due 2020
Joint Bookrunner
October 2009

sanofi aventis
Because health matters.
EUR 1,500,000,000
Notes due 2013
EUR 1,500,000,000
Notes due 2016
Joint Bookrunner
May 2009

SIEMENS
EUR 2,000,000,000
4.125% Fixed Rate Notes
Due February 2013
EUR 2,000,000,000
5.125% Fixed Rate Notes
Due February 2017
Joint Bookrunner
February 2009

Swedbank
USD 1,000,000,000
2.90% Fixed Rate Senior Unsecured Guaranteed by
Kingdom of Sweden
USD 500,000,000
Floating Rate Senior Unsecured Guaranteed by
Kingdom of Sweden
Due Jan 2013
Joint Bookrunner
June 2009

Korea Eximbank
USD 2,000,000,000
Senior Unsecured SEC
Registered Fixed Rate Notes
Due Jan 2014
Joint Bookrunner
January 2009

U. S. Steel
USD 862,500,000
Convertible Bond Offering
USD 692,070,000
27,140,000 Common Shares
(Follow-On Offering)
Joint Lead Manager
April 2009 | ABN AMRO

Walmart
Save money. Live better.
EUR 1,000,000,000
4.875% Fixed Rate Notes
Due 2029
Joint Bookrunner
September 2009

SAN MIGUEL CORPORATION
USD 1,200,000,000
Divestment of 43.25% Interest in
San Miguel Brewery Inc. to Kirin Holdings
Sole Financial Advisor
May 2009

centrica
GBP 1,266,000,000
Acquisition of Venture
Production by Centrica
Joint Financial Advisor
August 2009

VATTENFALL
EUR 9,951,000,000
Advisor to Vattenfall on the
Acquisition of Nuon
Financial Advisor
July 2009

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MARKETS: COMPENSATION

Higher pay ratio fuels Lazard loss

Investment bank's financial-advisory and asset-management businesses improved; compensation policy revised

By Joe Bel Bruno

Lazard Ltd. reported an unexpected fourth-quarter loss Wednesday, hurt by charges triggered by the death of its former chief executive officer and a major overhaul of its compensation program.

The independent investment bank, which is considered one of the biggest corporate advisers on Wall Street, delivered a $142.4 million loss for a quarter in which most analysts expected a profit.

Kenneth Jacobs

It included $147 million in charges linked to higher compensation and a payout resulting from the death of Bruce Wasserstein, the former CEO and famed deal maker who died in October.

Bloomberg News

Lazard accelerated the amortization of stock units previously granted to its late chief executive, Bruce Wasserstein.

Compensation costs almost tripled to $615.5 million from a year earlier as Lazard increased cash and equity payouts to employees.

The company plans to abolish its deferred-cash compensation plan, which pays workers over a number of years, a move that could help attract top talent from bigger Wall Street firms saddled by tougher pay restrictions.

"This is playing offense, not defense," said Kenneth M. Jacobs, Lazard's new CEO. "Its a real advantage today to have a [compensation] mix that is more reasonable to attract people."

Bigger rivals such as Goldman Sachs Group Inc. and Morgan Stanley have put more emphasis on deferred compensation and clawback programs as a result of a furor over excessive pay.

Mr. Jacobs said the new pay plan is justified because Lazard, which largely avoided mortgage-backed securities and other complex instruments that felled bigger rivals, doesn't take on risk the way the big Wall Street banks do.

Lazard posted a net loss of $142.4 million, or $1.64 a share, from a year-earlier profit of $38 million, or 50 cents a share. Excluding special charges, the loss was 46 cents.

Net revenue increased 32% to $494.8 million.

Stripping out one-time compensation costs, Lazard reported a profit of 46 cents a share. Analysts polled by Thomson Reuters expected earnings of 50 cents a share on $455 million in revenue.

Michael J. Castellano, Lazard's longtime chief financial officer, said the company accelerated the amortization of stock units previously granted to Mr. Wasserstein. It also sped up the vesting of deferred cash-incentive compensation awarded in 2008.

The changes in its pay structure will eliminate deferred cash payments and align compensation expenses with annual revenue, he said.

For all of 2009, the company spent 71.8% of its operating revenue on compensation and benefits, excluding charges, up from 55.6% in 2008.

In the past year, Lazard has benefited from robust activity in the division that provides advice for restructuring and bankruptcy, services that were in demand in the recession and aftermath of the financial crisis.

Financial-advisory revenue rose 24%, as restructuring revenue more than doubled from the year earlier to a record.

Mergers-and-acquisitions revenue increased 24% to $170 million, and Mr. Castellano said he believes the increase is an "encouraging sign" of a pickup of activity.

"The year is starting off OK on the announced side," Mr. Castellano said in an interview. "There are still a lot of discussions, and we're seeing a pickup of activity. I'd still put this consistent with the trend we're talking about of a gradual build of the business."

Asset-management revenue increased 63%, while assets under management climbed 42% to $129.5 billion.

Midday in New York, Lazard's stock was down 3.9% at $39.42 a share.

—Joan E. Solsman contributed to this article.

BofA pay pool: over $4 billion

By Dan Fitzpatrick

Bank of America Corp. approved more than $4 billion in 2009 pay for its investment bankers and traders, meaning those workers will collect an average of $300,000 to $500,000 for the year, according to a person familiar with the matter.

The payout represents about 19% of the roughly $23 billion in revenue generated by investment-banking and capital-markets activities, this person said. The 2009 average will be close to what the bank paid in its peak compensation year of 2006, this person said. The ratio of bonuses to total revenue then was 27%, with investment bankers and traders getting $6.5 billion.

A Bank of America spokesman declined to comment about bonuses paid to specific workers. "We tried in determining year-end compensation to balance the need to pay competitively with the need to recognize the general concerns about the level of compensation on Wall Street," he said.

Unlike some rivals, Bank of America doesn't disclose bonuses for its investment bankers, who typically are among the highest-paid employees at the nation's largest bank in assets. **J.P. Morgan Chase** & Co. said last month it set aside $9.3 billion for its investment-banking employees, or an average of $378,600 a person.

For 2009, about 25% of average compensation will be paid in cash, with the rest coming as deferred payments of restricted stock or cash that will vary in value with Bank of America's performance.

Disagreements stall Shinsei, Aozora deal

Continued from page 19

structure of the combined entity, then they could walk away, said some of the people familiar with the matter.

Analysts say Shinsei's need for a capital boost was a major driver in the planned merger. The merger plan was forged in the midst of the financial crisis when both banks fell into the red. They have since returned to profitability, but they have a wide difference in capitalization. Aozora had a Tier 1 ratio—a measure of bank balance sheet strength—of 14.24% as of Sept. 30, nearly double Shinsei's ratio of 7.83% as of Dec. 31.

If Shinsei doesn't raise enough capital in time for the merger, then the merger ratio could be renegotiated, one of the people said. The agreement as it stands calls for a one-for-one common equity exchange ratio.

Mr. Gupta said he doesn't see a relationship between Shinsei's capital adequacy and the timeline for completing the merger, stressing the "substantial improvement" in Shinsei's Tier 1 capital since it reached the merger agreement, when the ratio stood at 6.02%.

"We do not have any immediate plans to raise capital," he said. In recent months Shinsei has been reducing risk assets and buying back stock.

Another stumbling block is the future strategy of the combined entity. Both midsize lenders have been struggling to carve out a sustainable niche in Japan's overcrowded banking market. Shinsei has the edge in retail banking and pushed into the consumer-finance sector, while Aozora's strategy includes deeper relationships with regional banks.

During the financial crisis, Japan's banking regulator encouraged Shinsei and Aozora to merge to minimize potential disruption to the financial system, several people familiar with the situation said. The cost savings of a merger could also be significant and would include reducing headcount and IT systems.

Continuing discussions about capital, strategy and the merger ratio have delayed plans to fuse the two banks' IT systems and an agreement on a new name for the bank.

In recent years, Tokyo-based Shinsei and Aozora branched out overseas to compensate for contracting industry loan volumes and their narrow franchises compared with the country's sprawling megabanks. But their bets backfired during the financial crisis and both have vowed to eschew international markets.

Despite criticism, AIG goes ahead with bonuses

By Serena Ng

American International Group Inc. is moving forward with a plan to accelerate bonuses to employees of its financial products division after they agreed to a $20 million reduction in $195 million of previously promised awards.

Some lawmakers on Tuesday evening took issue with the move to pay out as much as $100 million in bonuses this week.

The $20 million AIG secured from former and current employees at AIG Financial Products will go toward a commitment it made to recoup $45 million of payouts last year to employees of the division. Bonuses then caused an uproar because the unit had been responsible for the trades that precipitated the government rescue of the company.

By last August, employees indicated they would return a total of $45 million, of which $19 million had been collected. That left $26 million to go. AIG is trying to reduce the March 2010 payments by more than that amount, using some of the reductions to cover the 2009 amounts that it needs to recoup and some to reduce the 2010 payouts.

U.S. pay czar Kenneth Feinberg has insisted that AIG get back the $45 million. On Wednesday, Mr. Feinberg called the payments "outrageous" but legal, in an interview on ABC television. On Tuesday, a spokesperson for Treasury, where Mr. Feinberg works, said, "These payments are tied to employment contracts from 2007 that fell outside the jurisdiction of [Mr. Feinberg] and the law. We are encouraged that AIG employees are making good on the repayment pledges they made last spring."

Rep. Darrell Issa (R., Calif.) questioned whether the Obama administration was being "transparent with the American people" about the bonuses "since the President expressed outrage over this very issue a year ago." He said in a statement: "Either the payments are justified and the Administration has an obligation to explain that to the American people or they are not and they should come forward and say so."

AIG said it believed the recouped $20 million "allows us to largely put the matter behind us." The company added it will work with former employees to recoup the remainder "over the next few months."

Separately, the company named as its new general counsel 66-year-old old Thomas Russo, the former chief legal officer of Lehman Brothers Holdings Inc. through its collapse and subsequent bankruptcy.

Mr. Russo in an interview said he relished the challenge of helping the insurer pay back over $90 billion to U.S. taxpayers, and retain value for employees and shareholders.

As the person in charge of compliance, regulatory affairs and government affairs, Mr. Russo will have to help mend relations with the U.S. government, which assumed 80% control of AIG in a still-controversial bailout in the fall of 2008.

Mr. Russo succeeds general counsel Anastasia Kelly.

Citi's Mexico star nears No. 1

Will Medina-Mora, now in charge of bank's consumer unit, succeed Pandit?

By David Enrich

Manuel Medina-Mora has long had ambitions of running **Citigroup** Inc. He is getting closer.

After more than a decade as chief executive at Grupo Financiero Banamex, the Mexican banking company that is one Citigroup's choicest businesses, the 59-year-old Mr. Medina-Mora resigned last week to devote more attention to a daunting new job. The Mexican banker has to somehow turn around Citigroup's struggling consumer-banking operations world-wide.

Since Mr. Medina-Mora's promotion was announced last month, speculation has washed through Citigroup that he is a leading candidate to succeed Vikram Pandit as Citigroup's chief executive, even though Mr. Pandit has held the New York company's top post for just 25 months and has no plans to relinquish his job, according to people familiar with the situation.

There is no doubt that Mr. Medina-Mora is a man on the rise at a financial giant that needs more management muscle to end its dispiriting streak of losses and restore Citigroup's credibility with investors and regulators.

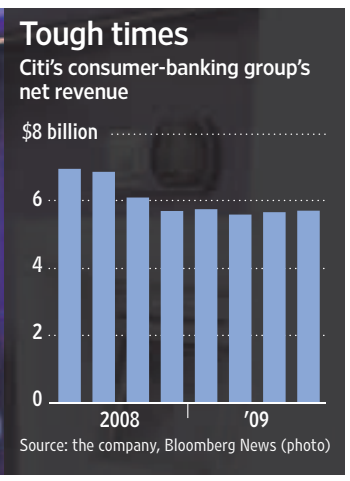
In contrast to Mr. Pandit, who agreed to accept total compensation of $1 until Citigroup returns to sustained profitability, Mr. Medina-Mora pocketed about $9 million for 2009, making him Citigroup's second-highest-paid employee. Mr. Medina-Mora also won a tug of war with Mr. Pandit's team over the fate of two Banamex subsidiaries, marked for disposal last year but yanked off the market in January after the Mexican banker objected.

Mr. Medina-Mora's growing power reflects his leadership of operations that stayed out of the headlines as much of Citigroup suffered through the financial crisis. Banamex and other Citigroup operations in Latin America overseen by Mr. Medina-Mora had $12.1 billion in net revenue last year, or about 20% of the total for Citigroup's core businesses.

Michael Mayo, a managing director and banking analyst at Calyon Securities, says Mr. Medina-Mora "has led one area of Citigroup that hasn't had significant issues." Banamex is a favorite of Mr. Pandit, who has praised its "universal bank" model of cooperation between different parts of the bank as Citigroup's future.

"We're going to export it around the world," Mr. Pandit said in 2008. The CEO has dispatched executives to Mexico to learn more about Mr. Medina-Mora's successful formula.

Still, Mr. Medina-Mora is the most powerful Citi executive who isn't part of Mr. Pandit's tight-knit inner circle.



The Mexican banker complained last year to some colleagues about Mr. Pandit's leadership, according to people who say they heard the remarks. Through a spokesman, Mr. Medina-Mora denied criticizing the CEO, adding, "I have consistently expressed on several occasions, both publicly and privately, that I cannot think of anyone better than Vikram to lead Citi into a new, very promising stage."

Some Citi executives grouse that Mr. Medina-Mora isn't a team player, saying he won't return their phone calls, delegating the task to subordinates.

A Citigroup spokesman said Mr. Pandit, who is traveling in Asia this week, wasn't available to comment.

Mr. Medina-Mora's experience is geographically limited to Latin America. But few other Citigroup executives have the stature to oversee the company's retail operations, spanning dozens of countries, partly because of a string of departures. Ajay Banga, who ran Citigroup's international retail business, defected to MasterCard Inc. last summer.

Manuel Medina-Mora

Some regulators have expressed concerns about the shortage of retail-banking experience in Citigroup's top ranks, according to people familiar with the situation.

Mr. Medina-Mora's banking career began in 1971 when he was 21. Mr. Medina-Mora was the third generation of his family to work at Banamex, following his grandfather and uncle. He steadily climbed the ladder, becoming CEO in 1996.

Banamex then went on a growth spurt, doubling its Mexican bank-branch network and launching insurance and asset-management divisions run from Banamex branches. In 2001, Mr. Medina-Mora agreed to sell Banamex to Citigroup for $12.5 billion. Since then, as head of all Citigroup operations in Latin America, he orchestrated acquisitions and internal growth that expanded Citigroup's Latin American branch network by more than 50% to about 2,300 branches, while its loan and deposit balances swelled by nearly 75%.

Mr. Medina-Mora has carefully tended his personal image. Several years ago, he hired an assistant to help overhaul his appearance, shed his eyeglasses, bought a wardrobe of expensive suits and started working out with a personal trainer, according to colleagues.

The executive also devoted himself to becoming a better speaker. He carefully rehearses speeches and important phone calls."He's a complete show," one longtime associate said, "and there's a whole apparatus behind putting the show together. He prepares for everything."

Mr. Medina-Mora has told some colleagues that he would like to become Citigroup's CEO. He cultivated a close relationship with Mr. Pandit's predecessor, Charles Prince. Any hopes of becoming Mr. Prince's handpicked successor were dashed when Mr. Prince was forced to resign in 2007 and Mr. Pandit was tapped as his successor.

Vikram Pandit

Mr. Medina-Mora felt he was passed over partly because of his lack of U.S. banking experience, according to people who know him. "He wants to prove himself in a North American environment," one person said.

Citigroup's consumer-banking business in North America is far smaller than those of rivals such as **Bank of America** Corp. and **J.P. Morgan Chase** & Co. Analysts and executives say it has suffered from a history of lackluster investments and an unfocused strategy that left Citigroup an also-ran in some key markets.

Mr. Medina-Mora's predecessor, Terri Dial, struggled to devise a turnaround strategy and lost Mr. Pandit's confidence, according to people familiar with the matter. When he was offered the job, Mr. Medina-Mora insisted that he be allowed to run the consumer business without interference from other executives, one person says.

Some Citigroup officials worry that clashes are inevitable. Last spring, Mr. Medina-Mora and his deputies were furious when they learned Banamex's insurance and asset-management arms would be jettisoned into a unit called Citi Holdings, formed by Mr. Pandit's team to hold unwanted business lines and assets. Mr. Medina-Mora launched both of the Banamex units in the 1990s, and they had been overseen by his brother, Oscar Medina-Mora.

Manuel Medina-Mora told Citigroup executives in New York that the businesses were seamlessly integrated with Banamex's retail-bank branches and technology systems. Hiving them off would erode Banamex's profits and be dauntingly complex, the executive warned, according to people familiar with his comments.

Last month, Citigroup said it was removing the two Banamex units and some other assets from Citi Holdings. They now are part of Citicorp, the corporate entity that houses core businesses. "We've come to believe these businesses probably should have been quite frankly kept in Citicorp from the beginning," said John Gerspach, Citigroup's chief financial officer.

In an interview, Mr. Gerspach said there had been "a rather lengthy debate" with Mr. Medina-Mora "about whether this was the right move."

—Randall Smith contributed to this article.

Australia tightens rules covering foreign takeovers

By Rachel Pannett

CANBERRA—Australian lawmakers late Tuesday approved legislation that will tighten rules preventing foreign investors from using complex takeover arrangements to bypass takeover rules to gain control of an Australian company.

The law changes were unveiled in February last year in response to a since-abandoned deal between **Rio Tinto** Ltd. and **Aluminum Corp. of China**, or Chinalco.

That proposed deal ultimately could have given the Chinese company an 18% stake in the miner through a mix of assets and convertible bonds.

The changes mean financial instruments such as convertible bonds will be treated as equity in considering whether a complex financing arrangement is being used to deliver influence or control over an Australian company, either currently or in the future. They require foreign investors to notify the treasurer where there is a possibility that will occur.

Australia has grappled lately with the issue of protecting its national interest amid an uptick in foreign investment in its vast natural resources, especially by Chinese state-owned entities, while also allowing local companies to tap into the capital needed to fund their expansion and repair balance sheets damaged by the financial crisis.

The Chinalco deal raised concerns among some lawmakers about the potential for the Chinese company, a major buyer of Australian commodities, to influence prices.

MUFG swings to profit along with Shinsei

By Atsuko Fukase

TOKYO—Two Japanese banks reported a return to profit Wednesday, as lower credit costs and a broad market recovery underwrote a rebound.

Mitsubishi UFJ Financial Group Inc., Japan's largest banking group by market capital and assets, returned to the black in the April-December period compared with a year earlier, when the financial crisis triggered huge losses tied to equity holdings and increased bad loans.

Midsize lender **Shinsei Bank** Ltd., meanwhile, posted a net profit for its fiscal third quarter, buoyed by reduced credit costs and increased revenue from its consumer finance business.

MUFG posted a group net profit of 217.07 billion yen ($2.4 billion) for the nine months ended Dec. 31, from a 42.07 billion yen loss a year earlier.

The Tokyo-based bank said write-downs related to its exposure to **Japan Airlines** Corp. were reflected in the earnings. As of March 31, MUFG had about 73.89 billion yen in loan exposure to the failed airline.

Group revenue decreased 13% to 3.775 trillion yen from 4.347 trillion yen.

MUFG didn't disclose third-quarter figures.

MUFG's results underscored the view that Japanese banks are emerging from their lowest point last year, when bad loans swelled amid the economic downturn and the market turmoil led to hefty losses from equity holdings.

But Japanese banks must still confront concerns, such as economic instability and sluggish lending demand.

What's more, the global trend toward stricter capital requirements for financial institutions has pushed bank executives to review their capital policies and business strategies.

MUFG raised about one trillion yen in capital via common shares in December. Another major bank, **Sumitomo Mitsui Financial Group** Inc., raised more than 900 billion yen through a public stock offering last month.

Separately, MUFG said it will buy back 100 million preferred shares worth 250 billion yen on April 1 and cancel them.

Shinsei Bank reported a group net profit of 11.1 billion yen in the third quarter ended Dec. 31, up from a 12.8 billion yen loss a year earlier. Group revenue fell to 143.8 billion yen from 199.8 billion yen.

The bank, roughly 33%-owned by the U.S. investment fund **J.C. Flowers** & Co., has been strengthening its consumer-finance operations since purchasing General Electric Co.'s Japanese consumer-finance business in October 2008.

For the nine-month period, Shinsei posted a group net profit of 22.3 billion yen, compared with a net loss of 32.13 billion yen a year earlier.

It kept unchanged its earnings estimates for the full year through March 31 and continues to expect a group net profit of 10 billion yen on revenue of 620 billion yen.

In July, Shinsei Bank said it plans to merge with **Aozora Bank** Ltd. in October 2010. Aozora's leading shareholder is the U.S. private-equity fund **Cerberus Group**.

Dollar gets a boost from U.S. jobs data

By Bradley Davis

NEW YORK—The dollar strengthened Wednesday as indications that the U.S. economy is taking steps toward recovery contrasted with concerns over labor strikes in Greece that could derail a plan to pull the country out of a budget hole, weighing on the euro.

CURRENCY MARKETS

A strike announced by Greece's largest union for Feb. 24 could put a wrench in a plan accepted by the European Commission on Wednesday detailing Greece's intentions to strip spending from its over-the-limit budget.

The dollar was boosted Wednesday by better-than-expected U.S. jobs data.

U.S. labor markets showed signs of recovering in January, with private-sector jobs in the U.S. falling by 22,000, the smallest drop since February 2008, and service jobs continuing to rise, according to a national employment report published Wednesday by payroll company Automatic Data Processing Inc. and consultancy Macroeconomic Advisers.

By midday Wednesday in New York, the euro was at $1.3912 from $1.3965 late Tuesday. The dollar climbed to 91.20 yen from 90.38 yen, while the euro moved to 126.88 yen from 126.20 yen. The U.K. pound slipped to $1.5918 from $1.5984. The dollar rose to 1.0587 Swiss francs from 1.0550 francs.

Treasurys pare early losses

NEW YORK—Treasury prices fell as concerns over Greece's fiscal problems eased and a better-than-forecast U.S. private jobs report dimmed the allure of low-risk government debt.

U.S. CREDIT MARKETS

Long-dated securities led the selling ahead of a record-tying $81 billion government-debt supply next week.

Late Wednesday morning, the 10-year note was down 13/32 point at 97 15/32, to yield 3.685%, compared with 3.637% late Tuesday, as bond prices move inversely to yields. The 30-year bond fell 29/32 point to yield 4.607%.

Bond prices bounced off session lows as U.S. stocks fell following the release of the service report from the Institute for Supply Management. The ISM nonmanufacturing index improved in January from December.

The Treasury also suggested auction sizes for nominal note and bond sales have reached their peak.

Ten-year yield in Japan hits a 3-week high

By Miho Nakauchi And Ditas Lopez

Japan's benchmark 10-year yield hit a three-week high Wednesday amid stock-market gains and speculation that overseas economic conditions are set to improve.

Traders said long-term bonds may extend price losses, pushing up yields, if Friday's U.S. employment report for January is better than expected, adding to evidence the economy is recovering.

BOND MARKETS

"Yields in the long-term zone may come under upward pressure, if economic recovery abroad fuels speculation that overseas central banks will likely exit [from monetary easing], and if that speculation sends the yen lower," said Makoto Yamashita, a strategist at Deutsche Securities.

The 10-year yield rose 0.01 percentage point to 1.355%, its highest level since Jan. 12.

Among Asian debt issuers, the **Asian Development Bank** sold its first global bond this year, raising $2.5 billion to augment funds intended to be lent out to its fast-recovering member countries.

The Manila-based development bank late Tuesday priced its 2.625% bond due Feb. 9, 2015, at 99.642, paying a yield of 2.702%, equivalent to 0.02 percentage point over the midswaps rate, or 0.3415 percentage point over the comparable U.S. Treasury yield, according to a term sheet.

Triple-A-rated ADB said it plans to raise around $15 billion from the debt market for the whole of 2010.

ADB's bond sale came as development banks around the globe are seeking to sell debt in the high-grade international bond market. The African Development Bank Tuesday raised $1 billion in a sale of three-year global bonds. The Council of Europe was in the market with a five-year bond.

Separately, Indonesian petrochemical company PT **Chandra Asri**, through issuer **Altus Capital** Pte., Wednesday priced a $230 million five-year global bond to yield 13.5%, according to a person familiar with the deal. The speculative-grade bond is callable after three years.

FUND SCORECARD

Sector Equity Biotechnology

Funds that invest primarily in the equities of companies that focus on biotechnology. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending February 03, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
5	**Danske Inv Bioteknologi**	Danske Invest	DKK	Denmark	**4.35**	66.45	20.93	14.29
3	**FCP OP MEDICAL BioHe@lth-Trds EUR**	Oppenheim Asset Mgmt Services S.à r.l.	EUR	Luxembrg	**-1.31**	58.87	9.28	4.05
4	**Dexia Eqs L Biotechnology C Acc**	Dexia Asset Management	USD	Luxembrg	**7.01**	53.47	13.30	10.19
5	**UniSector: GenTech A**	Union Investment Luxembourg S.A.	EUR	Luxembrg	**0.01**	43.36	10.65	9.88
1	**Gestys Santé Biotech**	Gestys	EUR	France	**-0.66**	40.42	-23.17	-13.03
2	**SL (Lux) Equity Biomedical R Acc**	Swiss Life Funds AG	EUR	Luxembrg	**4.53**	39.72	-0.23	2.97
4	**Cicero Biotech Healthcare**	Cicero Fonder	SEK	Sweden	**6.97**	33.40	0.51	3.42
3	**Danske Invest BioTech+ K**	Sampo Rahastoyhtiö Oy	EUR	Finland	**-0.01**	30.36	5.21	2.20
4	**Prudential Fin Glbl BioHealth**	Prudential Financial Sec Inv Trust Ent.	TWD	Taiwan	**4.33**	27.45	3.91	3.94
3	**UBS (LUX) EF Biotech B USD P**	UBS Equity Fund Management Company S.A.	USD	Luxembrg	**7.04**	25.60	7.41	5.25

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW the relaxed way to invest									
■ AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	02/02	EUR	51.39	-5.9	21.3	-24.3
AllianceBernstein									
■ ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	02/02	USD	10.19	-1.7	35.5	-13.0
Am Eq Blend B	US	EQ	LUX	02/02	USD	9.56	-1.9	34.1	-13.8
Am Growth A	US	EQ	LUX	02/02	USD	29.90	-4.3	36.6	-3.3
Am Growth AX	US	EQ	LUX	02/02	USD	32.29	-4.2	37.4	-2.7
Am Growth B	US	EQ	LUX	02/02	USD	25.12	-4.3	35.3	-4.3
Am Growth C	US	EQ	LUX	02/02	USD	27.04	-4.3	36.0	-3.7
Am Growth I	US	EQ	LUX	02/02	USD	33.16	-4.2	37.7	-2.5
Am Income A	US	BD	LUX	02/02	USD	8.49	0.7	24.7	5.5
Am Income A2	US	BD	LUX	02/02	USD	19.27	1.2	25.3	5.8
Am Income A2	OT	OT	NA	02/02	HKD	149.65	1.2	25.3	5.8
Am Income AT	OT	OT	NA	02/02	HKD	65.78	1.2	25.3	5.8
Am Income AT	US	BD	LUX	02/02	USD	8.47	1.2	25.3	5.8
Am Income B	US	BD	LUX	02/02	USD	8.49	0.7	23.8	4.7
Am Income B2	US	BD	LUX	02/02	USD	16.60	1.2	24.4	5.0
Am Income B2	OT	OT	NA	02/02	HKD	128.92	1.2	24.4	5.0
Am Income BT	OT	OT	NA	02/02	HKD	66.17	0.7	23.9	4.8
Am Income BT	US	BD	LUX	02/02	USD	8.52	0.7	23.9	4.8
Am Income C	US	BD	LUX	02/02	USD	8.49	0.7	24.1	5.0
Am Income C2	US	BD	LUX	02/02	USD	24.69	1.2	24.7	5.3
Am Income I	US	BD	LUX	02/02	USD	8.49	0.7	25.4	6.1
Am Value A	US	EQ	LUX	02/02	USD	8.50	-0.4	23.2	-12.1
Am Value B	US	EQ	LUX	02/02	USD	7.82	-0.4	22.0	-13.0
Am Value C	US	EQ	LUX	02/02	USD	8.50	-0.4	22.8	-12.5
Am Value I	US	EQ	LUX	02/02	USD	9.15	-0.3	24.2	-11.5
Emg Mkts Debt A	GL	BD	LUX	02/02	USD	15.56	0.0	41.3	7.4
Emg Mkts Debt A2	GL	BD	LUX	02/02	USD	20.23	0.6	42.4	7.8
Emg Mkts Debt AT	GL	BD	LUX	02/02	USD	15.61	0.1	41.6	7.5
Emg Mkts Debt B	GL	BD	LUX	02/02	USD	15.56	0.0	40.1	6.4
Emg Mkts Debt B2	GL	BD	LUX	02/02	USD	19.46	0.5	40.9	6.7
Emg Mkts Debt BT	GL	BD	LUX	02/02	USD	15.59	0.1	40.2	6.4
Emg Mkts Debt C	GL	BD	LUX	02/02	USD	15.56	0.0	40.8	7.0
Emg Mkts Debt C2	GL	BD	LUX	02/02	USD	19.87	0.6	41.7	7.3
Emg Mkts Debt I	GL	BD	LUX	02/02	USD	15.56	0.0	42.0	8.0
Emg Mkts Growth A	GL	EQ	LUX	02/02	USD	32.82	-5.3	78.6	-12.1
Emg Mkts Growth B	GL	EQ	LUX	02/02	USD	27.79	-5.4	76.8	-13.0
Emg Mkts Growth C	GL	EQ	LUX	02/02	USD	28.44	-5.3	77.9	-12.5
Emg Mkts Growth I	GL	EQ	LUX	02/02	USD	36.41	-5.2	80.0	-11.4
Eur Growth A	OT	OT	LUX	02/02	USD	9.72	-1.0	29.9	-14.5
Eur Growth A	OT	OT	LUX	02/02	EUR	6.96	-1.0	29.9	-14.5
Eur Growth B	OT	OT	LUX	02/02	EUR	6.25	-1.1	28.3	-15.3
Eur Growth B	OT	OT	LUX	02/02	USD	8.73	-1.1	28.3	-15.3
Eur Growth C	EU	EQ	LUX	02/02	EUR	5.27	-1.1	29.2	-14.9
Eur Growth I	OT	OT	LUX	02/02	USD	10.60	-1.0	30.6	-13.8
Eur Growth I	OT	OT	LUX	02/02	EUR	7.59	-1.0	30.6	-13.8
Eur Income A	OT	OT	LUX	02/02	EUR	6.71	1.7	40.8	5.7
Eur Income A	OT	OT	LUX	02/02	USD	9.37	1.7	40.8	5.7
Eur Income A2	OT	OT	LUX	02/02	EUR	13.16	2.3	41.7	5.9
Eur Income A2	OT	OT	LUX	02/02	USD	18.37	2.3	41.7	5.9
Eur Income AT	EU	BD	LUX	02/02	EUR	6.70	2.3	41.6	5.9
Eur Income B	OT	OT	LUX	02/02	EUR	6.71	1.7	40.1	5.0
Eur Income B	OT	OT	LUX	02/02	USD	9.37	1.7	40.1	5.0
Eur Income B2	OT	OT	LUX	02/02	EUR	12.23	2.2	40.7	5.2
Eur Income B2	OT	OT	LUX	02/02	USD	17.08	2.2	40.7	5.2
Eur Income BT	EU	BD	LUX	02/02	EUR	6.70	1.7	40.2	4.9
Eur Income C	OT	OT	LUX	02/02	EUR	6.71	1.7	40.4	5.2
Eur Income C	OT	OT	LUX	02/02	USD	9.37	1.7	40.4	5.2
Eur Income C2	OT	OT	LUX	02/02	USD	13.11	2.2	41.1	5.4
Eur Income C2	OT	OT	LUX	02/02	USD	18.30	2.2	41.1	5.4
Eur Income I	OT	OT	LUX	02/02	EUR	6.71	1.7	41.4	6.2
Eur Income I	OT	OT	LUX	02/02	USD	9.37	1.7	41.4	6.2
Eur Strat Value A	OT	OT	LUX	02/02	EUR	8.42	-1.3	31.8	-17.6
Eur Strat Value A	OT	OT	LUX	02/02	USD	11.76	-1.3	31.8	-17.6
Eur Strat Value I	OT	OT	LUX	02/02	EUR	8.63	-1.3	33.0	-16.9
Eur Strat Value I	OT	OT	LUX	02/02	USD	12.05	-1.3	33.0	-16.9
Eur Value A	OT	OT	LUX	02/02	EUR	9.02	-2.0	35.6	-14.6
Eur Value A	OT	OT	LUX	02/02	USD	12.59	-2.0	35.6	-14.6
Eur Value B	OT	OT	LUX	02/02	USD	11.57	-2.0	34.4	-15.5
Eur Value B	OT	OT	LUX	02/02	EUR	8.29	-2.0	34.4	-15.5
Eur Value C	OT	OT	LUX	02/02	USD	12.17	-1.9	35.2	-15.0
Eur Value C	OT	OT	LUX	02/02	EUR	8.72	-1.9	35.2	-15.0
Eur Value I	OT	OT	LUX	02/02	USD	14.56	-1.8	36.9	-13.9
Eur Value I	OT	OT	LUX	02/02	EUR	10.43	-1.8	36.9	-13.9
Gl Balanced (Euro) A	OT	OT	LUX	02/02	USD	15.94	-0.4	25.6	-9.7
Gl Balanced (Euro) B	OT	OT	LUX	02/02	USD	15.51	-0.5	24.4	-10.6
Gl Balanced (Euro) C	OT	OT	LUX	02/02	USD	15.82	-0.4	25.3	-10.0
Gl Balanced (Euro) I	OT	OT	LUX	02/02	USD	16.25	-0.3	NS	NS
Gl Balanced A	US	BA	LUX	02/02	USD	16.27	-1.3	31.0	-9.8
Gl Balanced B	US	BA	LUX	02/02	USD	15.46	-1.3	29.7	-10.7
Gl Balanced C	OT	OT	LUX	02/02	USD	16.03	-1.3	30.6	-10.0
Gl Balanced C	OT	OT	LUX	02/02	EUR	11.48	-1.3	30.6	-10.0
Gl Balanced I	US	BA	LUX	02/02	USD	16.89	-1.2	32.0	-9.1
Gl Bond A	US	BD	LUX	02/02	USD	9.35	1.2	15.0	4.5
Gl Bond A2	US	BD	LUX	02/02	USD	16.25	1.5	15.4	4.6
Gl Bond A2	OT	OT	NA	02/02	HKD	126.20	1.5	15.4	4.6
Gl Bond AT	OT	OT	LUX	02/02	HKD	72.46	1.2	15.0	4.4
Gl Bond AT	US	BD	LUX	02/02	USD	9.33	1.2	15.0	4.4
Gl Bond B	US	BD	LUX	02/02	USD	9.35	1.2	14.0	3.4
Gl Bond B2	US	BD	LUX	02/02	USD	14.22	1.4	14.2	3.6
Gl Bond B2	OT	OT	NA	02/02	HKD	110.43	1.4	14.2	3.6
Gl Bond BT	OT	OT	LUX	02/02	HKD	72.77	1.2	14.0	3.4
Gl Bond BT	US	BD	LUX	02/02	USD	9.37	1.2	14.0	3.4
Gl Bond C	US	BD	LUX	02/02	USD	9.35	1.2	14.5	4.0
Gl Bond C2	US	BD	LUX	02/02	USD	14.10	1.5	14.9	4.1
Gl Bond I	US	BD	LUX	02/02	USD	9.35	1.2	15.6	5.0
Gl Conservative A	US	BA	LUX	02/02	USD	14.86	-0.1	20.1	-3.6
Gl Conservative A2	US	BA	LUX	02/02	USD	16.92	-0.1	20.2	-3.6
Gl Conservative B	US	BA	LUX	02/02	USD	14.84	-0.1	19.0	-4.5
Gl Conservative B2	US	BA	LUX	02/02	USD	16.06	-0.2	19.0	-4.5
Gl Conservative C	US	BA	LUX	02/02	USD	14.84	-0.1	19.5	-4.0
Gl Conservative C2	US	BA	LUX	02/02	USD	16.54	-0.1	19.6	-4.0
Gl Conservative I	US	BA	LUX	02/02	USD	14.94	0.0	21.3	-2.8
Gl Eq Blend A	GL	EQ	LUX	02/02	USD	11.30	-3.1	40.9	-19.7
Gl Eq Blend B	GL	EQ	LUX	02/02	USD	10.60	-3.2	39.7	-20.5
Gl Eq Blend C	GL	EQ	LUX	02/02	USD	11.09	-3.2	40.2	-20.1
Gl Eq Blend I	GL	EQ	LUX	02/02	USD	11.93	-3.0	42.0	-19.1
Gl Growth A	GL	EQ	LUX	02/02	USD	40.38	-3.7	36.5	-20.6
Gl Growth B	GL	EQ	LUX	02/02	USD	33.68	-3.7	35.2	-21.4
Gl Growth C	GL	EQ	LUX	02/02	USD	38.74	-3.7	35.9	-21.0
Gl Growth I	GL	EQ	LUX	02/02	USD	44.87	-3.6	37.6	-20.0
Gl High Yield A	US	BD	LUX	02/02	USD	4.37	0.9	56.9	5.6
Gl High Yield A2	US	BD	LUX	02/02	USD	9.42	1.7	58.1	5.9
Gl High Yield A2	OT	OT	NA	02/02	HKD	73.16	1.7	58.1	5.9
Gl High Yield AT	OT	OT	NA	02/02	HKD	33.63	1.8	58.0	5.9
Gl High Yield AT	US	BD	LUX	02/02	USD	4.33	1.8	58.0	5.9
Gl High Yield B	US	BD	LUX	02/02	USD	4.37	0.9	55.1	4.3
Gl High Yield B2	US	BD	LUX	02/02	USD	15.13	1.7	56.5	4.8
Gl High Yield B2	OT	OT	NA	02/02	HKD	117.50	1.7	56.5	4.8
Gl High Yield BT	OT	OT	NA	02/02	HKD	34.17	0.9	55.6	4.4
Gl High Yield BT	US	BD	LUX	02/02	USD	4.40	0.9	55.6	4.4
Gl High Yield C	US	BD	LUX	02/02	USD	4.37	0.9	56.1	5.0
Gl High Yield C2	US	BD	LUX	02/02	USD	13.96	1.7	57.4	5.4
Gl High Yield I	US	BD	LUX	02/02	USD	4.37	0.9	57.8	6.2
Gl Thematic Res. A	OT	OT	LUX	02/02	USD	14.21	-3.5	77.2	-0.8
Gl Thematic Res. B	OT	OT	LUX	02/02	USD	12.42	-3.6	75.4	-1.8
Gl Thematic Res. I	OT	OT	LUX	02/02	USD	15.86	-3.5	78.6	0.0
Gl Value A	GL	EQ	LUX	02/02	USD	10.86	-2.5	45.8	-18.8
Gl Value B	GL	EQ	LUX	02/02	USD	9.97	-2.6	44.3	-19.6
Gl Value C	GL	EQ	LUX	02/02	USD	10.55	-2.6	45.1	-19.2
Gl Value I	GL	EQ	LUX	02/02	USD	11.55	-2.5	46.8	-18.2
Greater China A	AS	EQ	LUX	02/02	USD	37.32	-6.8	57.7	-13.2
Greater China B	AS	EQ	LUX	02/02	USD	33.00	-6.8	56.2	-14.0
Greater China C	AS	EQ	LUX	02/02	USD	36.84	-6.8	57.0	-13.6
India Growth A	OT	OT	LUX	02/02	USD	120.02	-5.4	NS	NS
India Growth AX	OT	OT	LUX	02/02	USD	104.94	-5.4	82.2	-7.4
India Growth B	OT	OT	LUX	02/02	USD	125.62	-5.5	NS	NS
India Growth BX	OT	OT	LUX	02/02	USD	89.62	-5.5	80.4	-8.4
India Growth I	EA	EQ	LUX	02/02	USD	108.80	-5.4	83.0	-7.1
Int'l Health Care A	OT	EQ	LUX	02/02	USD	140.11	1.9	20.6	-5.5
Int'l Health Care B	OT	EQ	LUX	02/02	USD	118.07	1.8	19.4	-6.4
Int'l Health Care C	OT	EQ	LUX	02/02	USD	134.22	1.9	20.0	-5.9
Int'l Health Care I	OT	EQ	LUX	02/02	USD	153.19	2.0	21.6	-4.7
Int'l Technology A	OT	EQ	LUX	02/02	USD	103.45	-6.3	48.2	-7.8
Int'l Technology B	OT	EQ	LUX	02/02	USD	89.56	-6.3	46.7	-8.7
Int'l Technology C	OT	EQ	LUX	02/02	USD	99.93	-6.3	47.5	-8.2
Int'l Technology I	OT	EQ	LUX	02/02	USD	116.08	-6.2	49.3	-7.1
Japan Eq Blend A	JP	EQ	LUX	02/02	JPY	6010.00	-0.2	26.4	-19.0
Japan Eq Blend B	JP	EQ	LUX	02/02	JPY	5794.00	-0.3	25.2	-19.8
Japan Eq Blend C	JP	EQ	LUX	02/02	JPY	5912.00	-0.3	25.9	-19.3
Japan Growth A	JP	EQ	LUX	02/02	JPY	5753.00	-2.1	16.5	-20.1
Japan Growth B	JP	EQ	LUX	02/02	JPY	5547.00	-2.1	15.3	-20.9
Japan Growth C	JP	EQ	LUX	02/02	JPY	5660.00	-2.1	15.9	-20.4
Japan Strat Value A	JP	EQ	LUX	02/02	JPY	6221.00	1.7	36.6	-18.3
Japan Strat Value B	JP	EQ	LUX	02/02	JPY	6003.00	1.6	35.2	-19.1
Japan Strat Value C	JP	EQ	LUX	02/02	JPY	6115.00	1.6	35.9	-18.7
Real Estate Sec. A	OT	EQ	LUX	02/02	USD	13.91	-3.1	48.6	-15.4
Real Estate Sec. B	OT	EQ	LUX	02/02	USD	12.70	-3.2	47.2	-16.2
Real Estate Sec. I	OT	EQ	LUX	02/02	USD	14.96	-3.0	49.7	-14.7
Short Mat Dollar A	US	BD	LUX	02/02	USD	7.28	0.1	13.8	-5.3
Short Mat Dollar A2	US	BD	LUX	02/02	USD	9.83	0.4	14.0	-5.3
Short Mat Dollar AT	US	BD	LUX	02/02	USD	7.26	0.1	13.7	-5.4
Short Mat Dollar B	US	BD	LUX	02/02	USD	7.28	0.1	13.4	-5.7
Short Mat Dollar B2	US	BD	LUX	02/02	USD	9.78	0.4	13.6	-5.7
Short Mat Dollar BT	OT	OT	LUX	02/02	USD	7.28	0.1	NS	-6.0
Short Mat Dollar C	US	BD	LUX	02/02	USD	7.28	0.1	13.4	-5.7
Short Mat Dollar C2	US	BD	LUX	02/02	USD	13.83	0.4	13.5	-5.6
Short Mat Dollar I	US	BD	LUX	02/02	USD	7.28	0.1	14.4	-4.8

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	12/31	USD	1691.35	74.6	74.6	NS
CREDIT PACIFIC Private Banking & Wealth Management Group									
■ CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	02/01	USD	101.90	1.9	23.8	21.4
PLATINUM CAPITAL MANAGEMENT									
■ PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	11/30	USD	96.31	14.7	11.9	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	11/30	USD	113.20	10.2	10.7	-29.6
Platinm-Emancipation	OT	OT	USA	11/30	USD	90.86	21.4	24.1	-9.4
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	10/30	USD	60.64	29.4	15.3	-31.8
Platinm-Nordic	OT	OT	CYM	11/30	SEK	612.68	12.3	10.4	-17.0
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	11/30	USD	57.51	NS	NS	-33.7
SUPERFUND									
■ SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	01/26	USD	35.49	-13.0	-58.6	-11.2
Superfund GCT USD*	GL	EQ	LUX	01/26	USD	2027.00	-7.6	-45.6	-6.1
Superfund Green Gold A (SPC)	OT	OT	CYM	01/26	USD	900.08	-6.7	-21.6	0.1
Superfund Green Gold B (SPC)	OT	OT	CYM	01/26	USD	841.90	-10.0	-37.4	-5.4
Superfund Q-AG*	OT	OT	AUT	01/26	EUR	6178.00	-6.7	-30.0	-0.5
■ WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	12/31	EUR	945.08	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	12/31	GBP	949.08	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	12/31	USD	1199.12	-5.4	-5.4	2.0
Winton Futures EUR Cls C	OT	OT	VGB	12/31	EUR	196.82	-4.4	-4.4	7.7
Winton Futures GBP Cls D	OT	OT	VGB	12/31	GBP	212.85	-4.1	-4.1	8.7
Winton Futures JPY Cls E	OT	OT	VGB	12/31	JPY	13885.82	-5.9	-5.9	5.0
Winton Futures USD Cls B	OT	OT	VGB	12/31	USD	699.39	-4.6	-4.6	7.4
Allianz Global Investors									
■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	02/03	EUR	50.46	-3.3	46.9	-7.1
Industria AE	EU	EQ	DEU	02/03	EUR	71.59	0.1	38.5	-12.5
InternRent AE	EU	BD	DEU	02/03	EUR	36.54	3.7	1.0	9.8
■ CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	01/22	USD	280871.44	2.3	111.2	7.9

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MARKETS

Pfizer disappoints; LaHood dents Toyota

By Kristina Peterson And Donna Kardos Yesalavich

U.S. stocks fell on **Pfizer**'s disappointing outlook and a smaller-than-expected increase in U.S. service-sector activity.

The Dow Jones Industrial Average was down 55.70 points, or 0.5%, to 10241.15 in midday trade. Pfizer skidded 3.2% on the heels of its earnings report. The drug giant said its fourth-quarter profit more than doubled to $767 million, but the result lagged Wall Street estimates. It also scaled back 2012 revenue estimates. That weighed on other health-care stocks, including Dow component **Merck**, down 2%.

ABREAST OF THE MARKET

The technology-heavy Nasdaq Composite slipped 0.4% to 2186.47. The Standard & Poor's 500-share index dropped 0.7% to 1095.18.

Investors predicted that the week's earlier gains would likely not last heading into Friday's key monthly jobs report.

"The pattern that started in January where good news was not good enough to keep pushing stocks higher is probably the dominant theme right now," said Keith Goddard, president and chief executive of Capital Advisors.

MetLife fell 3.9%, after its fourth-quarter profit plunged 70% as investment losses took their toll.

News Corp., owner of The Wall Street Journal, swung to a second-quarter profit, led by continued strength at its cable programming and film entertainment divisions, after its prior-year results were dragged into the red by revenue declines and impairment charges. Shares jumped 5.7%.

Toyota Motor skidded 6.3% as Japan's transport ministry asked the embattled auto maker to investigate 14 complaints related to the newest Prius hybrid mode and on congressional testimony from U.S. Transportation Secretary Ray LaHood that was seen as advising people stop driving any cars involved in the Toyota recall.

The agency later clarified the remark and said it is advising vehicle owners to contact local dealerships and arrange for repairs.

European stocks

European indexes fell, hurt by disappointing earnings, ending a three-day winning streak

The pan-European Dow Jones Stoxx 600 index shed 0.6% to 249.40. Among major national indexes, the German DAX fell 0.7% to 5672.09, the U.K. FTSE 100 lost 0.6% to 5253.15 and the French CAC-40 declined 0.5% to 3793.47.

Electrolux skidded 12% in Stockholm after the Swedish-based producer of home appliances swung to a fourth-quarter net profit but posted a drop in sales and released a cautious outlook.

Banking giant **Santander** fell 3.9% in Madrid ahead of its results due out Thursday. Rival **BBVA** fell 4.2%.

Shanghai IPO fails to hit top of price range

SHANGHAI—**China First Heavy Industries** raised 11.4 billion yuan ($1.67 billion) in its initial public offering Wednesday, after becoming the first company to fail to price a Shanghai IPO at the top of an indicative range since China reopened the primary market in June.

A series of weak debuts on the Shanghai Stock Exchange has depressed demand for new listings, and high valuations have weighed on their trading performance. The last two companies to list on the exchange have fallen below their IPO prices, a far cry from recent years, when stocks making their debuts in China's stock market were almost guaranteed to post strong gains.

IPO FOCUS

China First Heavy Industries, the country's largest heavy machinery producer, said in a statement it sold two billion Class A shares, or 30.6% of its enlarged capital, at 5.70 yuan, the higher end of an indicative price range of five yuan to 5.80 yuan.

Subscriptions to China First Heavy Industries' offering were smaller than previous Shanghai IPOs. The company's retail tranche was 20.06 times covered, and its institutional tranche was 3.82 times covered.

The IPO price represents a price/earnings ratio of 41.22 based on 2008 earnings, the company said, much higher than the P/E ratio of around 20 for its listed peers.

——*Wynne Wang*

Resource and tech gains boost markets in Asia

By Colin Ng And Wei-Zhe Tan

Material stocks fueled strong gains in several Asian markets Wednesday, buoyed by higher commodity prices.

BHP Billiton rose 2.6% and **Newcrest Mining** added 2.3% in Sydney, while **Japan Petroleum Exploration** gained 1.6% in Tokyo. **Jiangxi Copper** surged 6% in Shanghai and 2.8% in Hong Kong.

ASIAN-PACIFIC STOCKS

Cnooc shot up 9.4%, boosting Hong Kong shares, after the energy producer announced an aggressive target of 22% to 27% growth in 2010 production.

China's Shanghai Composite gained 2.4% to 3003.83, Hong Kong's Hang Seng Index rose 2.2% to 20722.08, Japan's Nikkei Stock Average of 225 companies climbed 0.3% to 10404.33, and Australia's S&P/ASX 200 rose 0.9% to 4647.9. South Korea's Kospi added 1.2% to 1615.02 and India's Sensex climbed 2.1% to 332.61.

Technology shares largely bounced after a streak of recent weakness. In Seoul, **Samsung Electronics** gained 0.7%, and **LG Display** climbed 2.3% amid hopes of a boost to sales around the coming Lunar New Year. In Taipei, **MediaTek** added 2.2% and **Taiwan Semiconductor Manufacturing** advanced 1.4%, while **United Microelectronics** climbed 6.7%, on news the company sought to buy back 300 million shares. In Mumbai, **Wipro** gained 2.7% and **Infosys Technologies** rose 1.3%.

News Corp., which owns The Wall Street Journal, Dow Jones Newswires and MarketWatch, soared 5.4% in Sydney after stronger-than-expected second-quarter results and improved guidance for the full year.

Among Sydney decliners, **ROC Oil** plunged 31% after saying it expects the proved and probable reserves at its Basker-Manta-Gummy joint venture to fall to between three million and five million barrels from a prior forecast of 18 million barrels.

Project partner **Beach Energy** was down 6.5%.

Chinese banking stocks advanced despite a Fitch Ratings downgrade of **China Merchants Bank** and **China Citic Bank** the previous day due to a deterioration in their capital levels after last year's rapid loan growth. The stocks added 3.9% and 2.8% in Hong Kong, respectively, in addition to rising 2.3% and 4% in Shanghai.

In Tokyo, Toyota Motor slumped 5.7% on news its January U.S. sales dropped 16% from a year earlier, as the company continued to grapple with vehicle recalls.

Fast Retailing fell 3.1% after the company late Tuesday said January same-store sales at its domestic Uniqlo casual clothing store chain declined 7.2% from a year earlier, marking its first monthly decline in six months.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	01/22	USD	1278.23	2.8	24.8	-6.4
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	02/01	JPY	14022.33	-9.7	59.1	2.5
GAM Asia Equity Hedge US	OT	OT	VGB	02/01	USD	261.70	-9.9	59.8	3.9
GAM Asia Equity USD	OT	OT	VGB	02/02	USD	599.81	-8.3	64.5	-10.2
GAM Asia-Pacific Eq USD	OT	OT	VGB	02/02	USD	1276.23	-0.5	28.0	-12.3
GAM Com Glb Bal EUR Op	US	BA	VGB	01/25	EUR	95.68	0.6	18.4	-5.6
GAM Com Glb Bal USD Op	US	BA	VGB	01/25	USD	128.59	0.6	18.4	-5.6
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	01/25	EUR	97.61	-0.3	27.8	-10.6
GAM Comp Glb Eq USD Op	GL	EQ	VGB	01/25	USD	127.11	-0.3	27.8	-10.6
GAM Comp Glb Gr EUR Op	US	BA	VGB	01/25	EUR	86.28	0.0	20.1	-8.6
GAM Comp Glb Gr USD Op	US	BA	VGB	01/25	USD	127.02	0.0	20.1	-8.6
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	01/29	USD	233.71	-6.0	36.8	-9.1
GAM Cross Trading Inc	OT	OT	VGB	01/25	USD	464.84	-0.2	4.2	NS
GAM Diversity CHF Op	OT	OT	VGB	01/25	CHF	94.03	-0.3	3.5	-6.1
GAM Diversity EUR Op	OT	OT	VGB	01/25	EUR	646.74	-0.3	4.2	-4.6
GAM Diversity USD 2.5XL	OT	OT	VGB	01/25	USD	77.68	-0.8	7.2	-17.3
GAM Diversity USD Op	OT	OT	VGB	01/25	USD	679.27	-0.2	4.1	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	01/25	CHF	99.13	-0.4	2.8	NS
GAM Dvrsty II EUR Op	OT	OT	VGB	01/25	EUR	138.30	-0.3	3.5	-4.8
GAM Dvrsty II USD Op	OT	OT	VGB	01/25	USD	209.47	-0.3	3.4	-5.1
GAM DvrstyIII EUR Op	OT	OT	VGB	01/25	EUR	115.14	-0.4	3.5	-5.0
GAM DvrstyIII USD Op	OT	OT	VGB	01/25	USD	121.58	-0.3	3.7	-5.1
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	02/01	EUR	220.65	0.8	12.9	-2.7
GAM Euro Eq Hdg USD Op	OT	OT	VGB	02/01	USD	204.82	0.7	14.0	-1.2
GAM European Equity USD	OT	OT	VGB	02/02	USD	282.12	-5.2	33.8	-12.7
GAM GAMCO	OT	EQ	VGB	01/29	USD	770.51	-5.0	38.3	-9.9
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	02/01	EUR	97.35	-0.5	13.8	-14.8
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	02/01	USD	102.72	-0.4	14.3	-14.1
GAM Gbl Divers USD Inc.	GL	EQ	VGB	02/01	USD	252.25	1.0	35.2	-4.4
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	02/01	USD	258.13	-10.0	95.3	15.1
GAM Intrst Trend II	GL	BD	VGB	01/29	USD	102.96	9.6	55.0	-5.0
GAM Intrst Trend Inc	OT	OT	VGB	01/29	USD	274.21	8.9	67.8	-2.9
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	02/01	EUR	121.44	4.1	10.8	-2.6
GAM Japan Eq Hdg USD Op	OT	OT	VGB	02/01	USD	125.40	2.8	16.4	-15.7
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	02/01	JPY	8634.94	2.7	16.7	-14.7
GAM Japan USD	JP	EQ	VGB	02/02	USD	1141.71	3.5	22.6	-12.5
GAM Japan YEN	JP	EQ	VGB	02/02	JPY	9031.34	2.3	26.6	-18.0
GAM Money Mkt EuroOp	EU	MM	VGB	02/02	EUR	51.15	0.1	0.2	1.5
GAM Money Mkt USD	US	MM	VGB	02/02	USD	100.01	0.1	0.0	0.7
GAM Multi-Arb EUR Op	OT	OT	VGB	01/25	EUR	111.96	0.7	0.4	-8.8
GAM Multi-Arb USD Op	OT	OT	VGB	01/25	USD	116.87	0.7	0.6	-9.1
GAM Multi-China EUR Op	OT	OT	VGB	01/25	EUR	166.22	-1.0	10.7	-6.7
GAM Multi-China USD Op	OT	OT	VGB	01/25	USD	174.77	-1.0	11.2	-7.4
GAM Multi-Emer Mkts GBP	OT	OT	VGB	01/25	GBP	131.06	-0.3	24.2	-0.3
GAM Multi-Emer Mkts USD	OT	OT	VGB	01/25	USD	648.52	-0.4	24.2	-0.8
GAM Multi-Eur EUR Op	OT	OT	VGB	01/25	EUR	268.50	-0.1	6.0	-6.6
GAM Multi-Eur II EUR Op	OT	OT	VGB	01/25	EUR	138.15	-0.1	6.2	-6.7
GAM Multi-Eur II USD Op	OT	OT	VGB	01/25	USD	112.93	-0.1	5.9	-7.7
GAM Multi-Eur USD Op	OT	OT	VGB	01/25	USD	467.05	-0.1	5.7	-7.6
GAM Multi-Nth Am EUR Special	OT	OT	VGB	01/25	EUR	133.91	-0.1	10.0	NS
GAM Multi-Nth Am USD Special	OT	OT	VGB	01/25	USD	217.96	-0.1	10.9	NS
GAM Multi-Pac EUR Op	GL	EQ	VGB	01/25	EUR	142.60	-0.6	3.4	-2.8
GAM Multi-Pac USD Op	OT	OT	VGB	01/25	USD	164.50	-0.6	3.6	-3.2
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	01/22	USD	2699.62	2.3	67.2	11.8
GAM Sing/Malaysia	AS	EQ	VGB	02/02	USD	2366.87	-6.3	54.4	-9.1
GAM Sterling Spe Bd Inc	OT	OT	VGB	02/01	GBP	238.93	3.8	47.3	5.2
GAM Trading EUR Inc	OT	OT	VGB	01/25	EUR	324.42	-0.2	4.3	5.5
GAM Trading USD Inc	OT	OT	VGB	01/25	USD	970.94	-0.2	4.6	4.8
GAM Trdg II IncEUR Op	OT	OT	VGB	01/25	EUR	138.76	-0.2	4.2	5.4
GAM Trdg II IncUSD Op	OT	OT	VGB	01/25	USD	315.27	-0.2	4.6	4.9
GAM Trdg IV IncEUR Op	OT	OT	VGB	01/25	EUR	146.44	-0.2	4.0	5.1
GAM Trdg IV IncUSD Op	OT	OT	VGB	01/25	USD	154.19	-0.2	4.4	4.7
GAM Trdg V IncEUR Op	OT	OT	VGB	01/25	EUR	124.15	-0.2	3.3	5.0
GAM Trdg V IncUSD Op	OT	OT	VGB	01/25	USD	129.32	-0.2	3.8	4.7
GAM TrdgIII IncEUR Op	OT	OT	VGB	01/25	EUR	156.63	-0.2	4.1	5.2
GAM TrdgIII IncUSD Op	OT	OT	VGB	01/25	USD	162.16	-0.2	4.4	4.8
GAM USDSpecBondInc	US	BD	VGB	01/29	USD	556.19	4.9	81.2	9.1
GAM Worldwide	GL	EQ	VGB	02/02	USD	2145.31	-4.6	34.5	-10.0
GAMut Investments	OT	OT	VGB	01/27	USD	7613.75	0.4	2.2	7.8

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	02/02	CHF	10.30	-6.6	43.7	-11.9
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	02/02	EUR	11.19	-5.7	47.7	-6.9
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	02/02	GBP	1.45	-7.2	46.1	0.3
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	02/02	USD	12.29	-8.4	60.8	-9.4
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	02/02	EUR	102.62	0.4	19.7	-10.0
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	02/02	EUR	99.32	0.4	19.7	-10.0
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	02/02	EUR	10.85	-1.3	30.6	-6.8
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	02/02	EUR	180.83	-1.2	29.6	-9.6
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	02/02	EUR	165.24	-1.2	29.6	-9.6
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	02/02	USD	15.41	-3.7	41.4	-11.9
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	02/02	USD	13.97	-3.7	41.3	-11.9
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	01/29	USD	5.39	-1.9	35.1	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	02/02	EUR	92.39	3.4	12.5	-8.6
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	02/02	EUR	92.40	3.4	12.5	-8.6
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	02/02	JPY	942.26	0.7	21.3	-18.3
GAMStar-JpnEq USD Acc	JP	EQ	IRL	02/02	USD	11.51	1.8	17.2	-13.2
GAMStar-World EqUSD Acc	GL	EQ	IRL	02/02	USD	2159.70	-4.5	35.5	-9.5

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American Growth	US	EQ	LUX	02/03	USD	14.95	-3.6	28.9	-11.0
American Growth AA	US	EQ	LUX	02/03	USD	0.86	-3.7	28.5	-8.0
Asian Equity	AS	EQ	LUX	02/03	USD	2.33	-7.1	65.5	-8.5
Asian Equity AA	AS	EQ	LUX	02/03	USD	0.75	-7.2	64.8	-8.8
Asian Sm Cap Equity AA	AS	EQ	LUX	02/03	USD	1.14	-3.6	94.5	-2.9
China Value A	AS	EQ	LUX	02/03	USD	6.69	-8.3	60.6	-4.8
China Value AA	AS	EQ	LUX	02/03	USD	2.10	-8.3	60.2	-5.1
Dragon Growth	AS	EQ	LUX	02/03	USD	1.56	-7.4	62.9	-8.3
Dragon Growth AA	OT	OT	LUX	02/03	HKD	7.58	-7.2	62.8	-9.1
Emg Eastrn Europe A	EU	EQ	LUX	02/03	USD	4.83	2.9	134.7	-12.5
Emg Eastrn Europe AA	EU	EQ	LUX	02/03	USD	2.08	2.9	134.4	-12.7
European Growth	EU	EQ	LUX	02/03	USD	8.89	-3.8	62.1	-16.0
European Growth AA	EU	EQ	LUX	02/03	USD	0.63	-3.9	61.7	-16.2
Global Contrarain AA	GL	EQ	LUX	02/03	USD	0.91	1.7	94.5	NS
Global Property AA	OT	EQ	LUX	02/03	USD	0.66	-3.4	59.4	-12.8
Global Resources AA	OT	EQ	LUX	02/03	USD	1.04	-4.7	47.1	-13.7
Healthcare AA	OT	EQ	LUX	02/03	USD	0.95	-0.8	15.9	NS
India Equity AA	EA	EQ	LUX	02/03	USD	1.05	-6.5	77.4	-16.1
International Growth	GL	EQ	LUX	02/03	USD	3.00	-2.5	29.6	-13.8
International Growth AA	GL	EQ	LUX	02/03	USD	0.70	-2.6	29.3	-14.0
Japanese Growth	JP	EQ	LUX	02/03	USD	2.80	1.3	18.4	-10.9
Japanese Growth AA	JP	EQ	LUX	02/03	USD	0.74	2.0	18.9	-10.9
Latin America Equity AA	GL	EQ	LUX	02/03	USD	1.23	-6.6	94.6	-4.2
Manulife GF Strategic Income Fund AA	OT	OT	NA	02/03	USD	1.01	0.4	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	02/03	USD	1.12	-3.0	NS	NS
Russia Equity AA	EE	EQ	LUX	02/03	USD	0.69	8.6	184.2	-16.8
Taiwan Equity AA	AS	EQ	LUX	02/03	USD	1.00	-9.2	88.3	1.0
Turkey Equity AA	EE	EQ	LUX	02/03	USD	0.83	7.1	150.2	-0.6
U.S. Bond AA	US	BD	LUX	02/03	USD	1.13	1.6	18.5	7.4
U.S. Sm Cap Equity AA	US	EQ	LUX	02/03	USD	0.85	2.2	76.2	-9.1
U.S. Special Opportunities	OT	OT	LUX	02/03	USD	0.85	4.4	93.2	3.9
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	02/03	USD	1.15	1.2	9.5	1.8

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Indonesian Grth Fund	EA	EQ	CYM	01/27	USD	127.58	0.2	121.1	2.5

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Asia Value Formula Fd-B	AS	EQ	CYM	02/02	USD	7.69	-4.1	91.3	-3.6

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Bonds Eur Hi Yld A	OT	OT	LUX	02/01	EUR	21.12	2.6	53.0	3.0
Bonds EURO A	OT	OT	LUX	02/02	EUR	41.25	0.5	5.6	4.4
Bonds EUROPE A	OT	OT	LUX	02/02	EUR	39.42	0.8	5.0	4.0
Bonds US OppsCoreplus A	OT	OT	LUX	02/01	USD	37.46	1.5	16.0	7.9
Bonds World A	OT	OT	LUX	02/02	USD	41.86	-0.3	9.9	4.0
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	02/02	USD	9.63	-7.6	69.2	-10.5
Eq. China A	AS	EQ	LUX	02/02	USD	21.72	-10.0	62.3	-10.5
Eq. Concentrated Euroland A	OT	OT	LUX	02/02	EUR	90.08	-3.1	24.5	-15.9
Eq. ConcentratedEuropeA	EU	EQ	LUX	02/02	EUR	26.60	-1.5	38.2	-14.6
Eq. Emerging Europe A	OT	OT	LUX	02/02	EUR	25.11	6.6	114.0	-18.6
Eq. Euroland A	EU	EQ	LUX	02/02	EUR	10.50	-3.1	24.6	-16.8
Eq. Euroland Small Cap A	OT	OT	LUX	02/02	EUR	143.79	1.9	46.2	-6.2
Eq. EurolandCyclicIsA	EU	EQ	LUX	02/01	EUR	17.51	-1.6	33.9	-11.6
Eq. EurolandFinancialA	OT	EQ	LUX	02/01	EUR	10.62	-6.1	38.5	-19.4
Eq. Glbl Emg Cty A	GL	EQ	LUX	02/02	USD	8.87	-8.4	64.9	-15.1
Eq. Global A	GL	EQ	LUX	02/02	USD	27.34	-1.8	40.8	-11.2
Eq. Global Energy A	OT	EQ	LUX	02/02	USD	17.83	-1.7	31.9	-11.7
Eq. Global Resources A	OT	OT	LUX	02/02	USD	103.34	-5.4	51.0	-12.6
Eq. Gold Mines A	OT	EQ	LUX	02/01	USD	28.03	-7.5	33.7	-6.6
Eq. India A	OT	OT	LUX	02/02	USD	122.18	-6.6	77.0	-16.5
Eq. Japan CoreAlpha A	OT	OT	LUX	02/02	JPY	7551.41	4.1	38.6	-7.5
Eq. Latin America A	OT	OT	LUX	02/01	USD	106.67	-8.2	73.8	-12.7
Eq. US Lg Cap Gr A	US	EQ	LUX	02/02	USD	14.72	-3.5	37.8	-10.4
Eq. US Rel Val A	US	EQ	LUX	02/02	USD	20.47	-0.6	42.4	-14.0
Eq. US Sm Cap Val A	US	EQ	LUX	02/02	USD	15.65	-1.9	32.5	-18.4
Money Market EURO A	EU	MM	LUX	02/01	EUR	27.40	0.0	0.8	2.5
Money Market USD A	US	MM	LUX	02/01	USD	15.83	0.0	0.4	1.5

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TNI Mena Real Estate Fund	OT	OT	BMU	01/28	USD	912.91	-5.0	4.3	-31.2
TNI MENA Special Sits Fund	OT	OT	BMU	12/31	USD	1079.31	11.2	11.2	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	01/28	AED	4.88	-8.4	24.4	-34.3

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Intel-Chin MainInd Foc	AS	EQ	CYM	01/29	USD	28.14	-5.7	85.5	2.1
Intel-China Converg*	AS	EQ	CYM	01/29	USD	107.04	-6.1	85.8	1.1
VP Classic - A	AS	EQ	CYM	02/02	USD	176.90	-5.1	79.3	2.5
VP Classic - B	AS	EQ	CYM	02/02	USD	82.41	-5.2	78.4	2.0
VP High Dividend Stk	AS	EQ	CYM	02/01	USD	43.91	-3.3	82.2	4.7

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■ YMR-N Series									
YMR-N Growth Fund	OT	OT	IRL	02/03	JPY	9307.00	-1.3	23.3	-19.0
YMR-N Small Cap Fund	OT	OT	IRL	02/03	JPY	6884.00	-2.4	17.8	-19.0
■ Yuki 77 Series									
Yuki 77 General	JP	EQ	IRL	02/03	JPY	6025.00	-2.0	13.9	-23.0
Yuki 77 Growth	JP	EQ	IRL	02/03	JPY	5506.00	-2.4	9.0	-26.7
■ Yuki Chugoku Series									
Yuki Chugoku Jpn Gen	JP	EQ	IRL	02/03	JPY	6773.00	-0.8	21.4	-18.7
Yuki Chugoku JpnLowP	JP	EQ	IRL	02/03	JPY	7666.00	1.7	7.6	-18.0
■ Yuki Hokuyo Japan Series									
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	02/03	JPY	4622.00	-1.1	15.2	-22.7
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	02/03	JPY	5240.00	-0.2	13.0	-17.3
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	02/03	JPY	5003.00	-2.0	18.4	-18.4
■ Yuki Mizuho Series									
Yuki Mizuho Gen Jpn III	OT	OT	IRL	02/03	JPY	4315.00	-2.4	16.7	-26.7
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	02/03	JPY	4533.00	-2.8	16.5	-26.8
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	02/03	JPY	6794.00	-2.5	27.2	-21.2
Yuki Mizuho Jpn Gen	OT	OT	IRL	02/03	JPY	8395.00	-2.6	21.6	-19.6
Yuki Mizuho Jpn Gro	OT	OT	IRL	02/03	JPY	6199.00	-2.5	14.1	-21.6
Yuki Mizuho Jpn Inc	OT	OT	IRL	02/03	JPY	7585.00	-0.6	6.2	-19.8
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	02/03	JPY	5134.00	-1.1	19.9	-20.7
Yuki Mizuho Jpn LowP	OT	OT	IRL	02/03	JPY	11585.00	0.2	17.7	-14.6
Yuki Mizuho Jpn PGth	OT	OT	IRL	02/03	JPY	7777.00	-2.3	16.1	-24.1
Yuki Mizuho Jpn SmCp	OT	OT	IRL	02/03	JPY	6958.00	-2.5	24.7	-19.4
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	02/03	JPY	5629.00	-0.3	20.8	-17.3
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	02/03	JPY	2619.00	-3.9	18.3	-26.1
■ Yuki Shizuoka Japan Series									
Yuki Shizuoka General Japan	JP	EQ	IRL	02/03	JPY	5318.00	-1.9	21.2	-19.9

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

BLUE CHIPS & BONDS

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Turkey	-0.30%	2.7%	102.3%
Sweden	-0.07	2.3	58.4
Netherlands	0.24	1.8	39.3
Russia	-0.03	1.6	109.8
Japan	-0.08	0.9	17.7
Switzerland	-0.05	-0.6%	30.4
South Africa	0.43	-1.9	28.1
U.K.	-0.20	-2.7	24.3
Italy	-0.44	-3.4	27.4
France	0.09	-3.5	25.6
Canada	0.20	-4.0	27.5
Germany	0.04	-4.6	21.4
South Korea	1.23	-4.7	36.6
Australia	0.69	-4.7	32.9
Singapore	1.61	-4.9	63.7
Hong Kong	2.23	-5.3	53.0
Spain	-1.47	-5.9	19.1
Brazil	-0.44	-8.4	71.4
China 88	2.89	-10.6	39.6

Dow Jones Regional Sector Titans

Nordic 30 -p	0.56%	4.0%	46.3%
Travel Leisure	0.17	3.2	34.1
EU Enlarged†-p	-0.06	3.0	70.8
Pers H'hold Gds	-0.20	2.4	33.8
Arab 50	0.49	1.3	26.3
Asian 50	0.32	-1.8%	38.4
Stoxx 50 -p	0.86	-2.8	27.1
Global 50	0.18	-3.1	29.1
Euro Stoxx 50 -p	1.31	-4.6	26.1
Tiger 50*	2.04	-5.0	62.3

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Wednesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
CNOOC	Hong Kong	Exploration Production	$70.9	12.32	9.41%	82.5%	86.4%
PetroChina	Hong Kong	Integrated Oil Gas	24.8	9.13	3.28	54.5	-6.2
POSCO	South Korea	Iron Steel	36.8	558,000	3.14	47.2	59.4
Hon Hai Precision Ind	Taiwan	Electrical Components Equipment	36.8	138.00	2.99	160.2	-6.8
BHP Billiton	Australia	General Mining	123.4	41.50	2.57	39.4	47.0
Toyota Motor	Japan	Automobiles	$117.8	3,400	-5.69%	13.0	-57.5
Sumitomo Mitsui Finl	Japan	Banks	43.4	2,927	-1.18	-19.1	-74.6
Mizuho Financial Grp	Japan	Banks	27.5	178.00	-1.11	-19.1	-78.7
JFE Hldgs	Japan	Iron Steel	18.9	3,245	-1.07	29.5	-53.0
Mitsui	Japan	Industrial Suppliers	27.1	1,358	-0.73	36.5	-30.4

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Honda Motor Japan (Automobiles)	63.1	3,140	2.28%	43.4%	-32.2%
Indl Comm Bk China Hong Kong (Banks)	62.4	5.83	2.28	73.5	24.8
Shin-Etsu Chml Japan (Specialty Chemicals)	23.0	4,915	1.97	8.0	-35.6
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	34.4	104.20	1.86	61.6	5.8
East Japan Railway Japan (Travel Tourism)	26.9	6,190	1.81	5.3	-30.8
China Constr Bk Hong Kong (Banks)	176.5	6.10	1.67	54.8	26.6
Hutchison Whampoa Hong Kong (Diversified Industrials)	30.2	55.10	1.66	42.4	-31.8
Shinhan Financial Grp South Korea (Banks)	17.8	43,200	1.65	56.6	-18.1
RioZim Ltd Australia (General Mining)	38.7	72.00	1.39	106.2	19.0
China Mobile (HK) Hong Kong (Mobile Telecommunications)	195.8	76.50	1.39	7.4	1.4
Canon Japan (Electronic Office Equipment)	49.7	3,660	1.39	45.2	-40.2
NTT DoCoMo Japan (Mobile Telecommunications)	65.1	141,600	1.36	-6.8	-31.3
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	48.4	59.80	1.36	40.1	-11.8
China Life Ins Hong Kong (Life Insurance)	33.3	34.75	1.31	59.4	46.6
Nissan Motor Japan (Automobiles)	33.8	755.00	1.21	162.2	-45.1
Woodside Petroleum Australia (Exploration Production)	27.7	43.60	0.93	29.8	18.0
Japan Tobacco Japan (Tobacco)	35.8	338,500	0.89	41.8	-40.9
Seven I Hldgs Japan (Broadline Retailers)	20.0	2,010	0.85	-18.0	-44.0
Kansai Elec Power Japan (Conventional Electricity)	21.8	2,075	0.68	-11.9	-45.8
Tokyo Elec Power Japan (Conventional Electricity)	36.1	2,432	0.66	-13.0	-45.8

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Samsung Elec South Korea (Semiconductors)	99.7	777,000	0.65%	50.0%	32.6%
Panasonic Japan (Consumer Electronics)	33.5	1,470	0.55	34.6	-36.8
Cheung Kong Hong Kong (Real Estate Holding Development)	28.2	94.65	0.32	42.8	-10.2
Takeda Pharm Japan (Pharmaceuticals)	35.3	4,060	0.12	-2.6	-49.6
Nintendo Japan (Toys)	35.5	25,220	0.08	-8.5	-22.6
Tokio Marine Hldgs Japan (Property Casualty Insurance)	21.7	2,508	0.08	3.2	-43.6
Mitsubishi Japan (Industrial Suppliers)	40.6	2,250	0.04	72.8	-9.6
QBE Ins Grp Australia (Reinsurance)	21.0	23.10	...	0.6	-23.6
Westfield Grp Australia (Retail REITs)	26.4	12.90	...	21.7	-42.1
Woolworths Australia (Food Retailers Wholesalers)	28.0	25.64	-0.08	-7.6	2.3
KDDI Japan (Mobile Telecommunications)	23.8	488,500	-0.10	-7.3	-46.3
National Australia Bk Australia (Banks)	48.1	25.90	-0.19	33.2	-36.9
KB Fncl Group South Korea (Banks)	17.4	52,100	-0.19	49.7	-34.5
Nippon T&T Japan (Fixed Line Telecommunications)	57.9	3,980	-0.25	-6.8	-39.0
Commonwlth Bk of Aus Australia (Banks)	71.9	53.41	-0.26	83.0	4.2
Nippon Steel Japan (Iron Steel)	23.1	333.00	-0.30	18.9	-54.5
Sony Japan (Consumer Electronics)	34.5	3,145	-0.32	74.1	-46.2
Aus NZ Bk Australia (Banks)	48.3	21.77	-0.55	63.9	-27.1
Westpac Bking Australia (Banks)	60.5	23.47	-0.55	42.5	-8.1
Mitsubishi UFJ Finl Japan (Banks)	72.7	475.00	-0.63	-2.1	-66.1

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	-1.59%	-1.59%	-0.2%	-1.6%	4.9%
Event Driven	-1.33	-0.74	1.1	-0.7	13.5
Equity Long/Short	-0.86	-0.32	2.4	-0.3	2.7

*Estimates as of 02/01/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

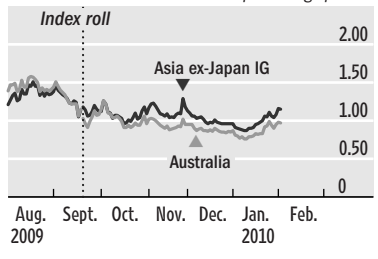
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.82	100.82%	0.01%	1.00	0.65	0.82
Eur. High Volatility: 12/1	1.16	99.28	0.01	1.76	0.92	1.30
Europe Crossover: 12/1	4.47	102.09	0.05	6.15	3.79	4.96
Asia ex-Japan IG: 12/1	1.15	99.31	0.01	1.29	0.87	1.05
Japan: 12/1	1.47	97.80	0.01	1.68	0.99	1.33

Note: Data as of February 2

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Fubon Finl Hldg	55	-5	5	-10
Indl Coml Bk China	127	-3	5	5
Indl Bk Korea	121	-3	4	26
Daiwa Secs Gp	129	-3	5	-2
PCCW HKT Tel	95	-3	1	4
Kdom Thailand	114	-3	...	17
Kawasaki Heavy Inds	151	-3	1	6
Kookmin Bk	123	-2	4	27
Kirin Hldgs	38	-2	3	4
MISC	100	-2	-3	9

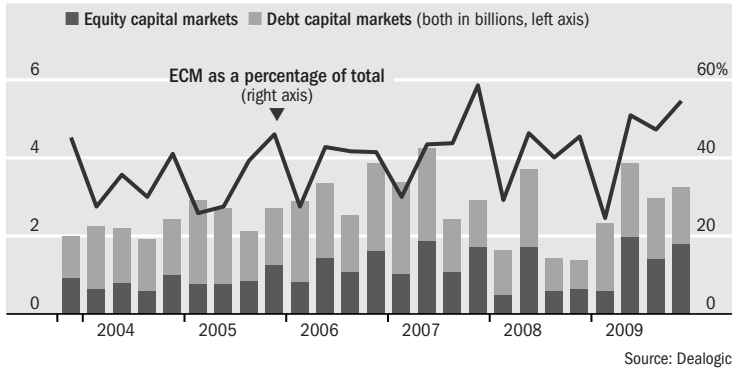
And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Toshiba	162	4	14	8
Acom	296	4	21	56
Obayashi	223	4	17	27
Promise	644	5	2	-118
Konica Minolta Hldgs	55	5	5	3
KDDI	45	7	8	6
Sanyo Shinpan Fin	644	8	4	-125
Taisei	359	9	11	-1
IHI	315	10	...	-13
Nishimatsu Constr	565	18	26	19

Source: Markit Group

Europe: Bank revenues from equity capital markets

Behind every IPO, follow-on or convertible equity offering is one or more investment banks. At right, investment banks historical and year-to-date revenues from global equity-capital-market (ECM) deals



Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	361.00	-4.00	-1.10%	712.25	315.50
Soybeans (cents/bu.)	CBOT	920.00	-5.50	-0.59	1,560.00	805.00
Wheat (cents/bu.)	CBOT	480.00	-7.25	-1.49	1,029.25	459.00
Live cattle (cents/lb.)	CME	89.875	1.175	1.32%	95.175	85.050
Cocoa ($/ton)	ICE-US	3,164	-12	-0.38	3,514	2,066
Coffee (cents/lb.)	ICE-US	133.20	-1.85	-1.37	188.65	115.00
Sugar (cents/lb.)	ICE-US	29.12	-0.28	-0.95	30.40	11.91
Cotton (cents/lb.)	ICE-US	69.52	0.26	0.38	84.00	49.67
Crude palm oil (ringgit/ton)	MDEX	2,498.00	46	1.88	2,743	2,150
Cocoa (pounds/ton)	LIFFE	2,225	12	0.54	2,350	1,310
Robusta coffee ($/ton)	LIFFE	1,326	-13	-0.97	1,710	1,300
Copper (cents/lb.)	COMEX	302.90	-6.05	-1.96	365.00	135.50
Gold ($/troy oz.)	COMEX	1115.70	-1.70	-0.15	1,229.00	785.10
Silver (cents/troy oz.)	COMEX	1658.00	-16.30	-0.97	2,011.50	1,045.00
Aluminum ($/ton)	LME	2,118.00	19.00	0.91	2,356.50	1,288.00
Tin ($/ton)	LME	16,575.00	75.00	0.45	18,250.00	9,945.00
Copper ($/ton)	LME	6,871.00	1.00	0.01	7,695.00	3,171.00
Lead ($/ton)	LME	2,120.00	9.00	0.43	2,615.00	995.00
Zinc ($/ton)	LME	2,176.00	12.50	0.58	2,659.00	1,086.00
Nickel ($/ton)	LME	18,195	70	0.39	21,150	9,475
Crude oil ($/bbl.)	NYMEX	77.67	0.45	0.57	141.30	48.78
Heating oil ($/gal.)	NYMEX	2.0309	-0.0008	-0.04	3.5280	1.3800
RBOB gasoline ($/gal.)	NYMEX	2.0325	0.0146	0.72	2.2003	1.2176
Natural gas ($/mmBtu)	NYMEX	5.525	0.071	1.30	12.590	4.550
Brent crude ($/bbl.)	ICE-EU	77.03	0.41	0.54	83.58	51.55
Gas oil ($/ton)	ICE-EU	624.75	15.75	2.59	688.00	502.25

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Feb. 3

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.3346	0.1875	3.8340	0.2608
Brazil real	2.5693	0.3892	1.8466	0.5416
Canada dollar	1.4765	0.6773	1.0612	0.9424
1-mo. forward	1.4765	0.6773	1.0612	0.9423
3-mos. forward	1.4766	0.6772	1.0613	0.9423
6-mos. forward	1.4769	0.6771	1.0615	0.9421
Chile peso	747.95	0.001337	537.55	0.001860
Colombia peso	2734.59	0.0003657	1965.35	0.0005088
Ecuador US dollar-f	1.3914	0.7187	1	1
Mexico peso-a	17.9930	0.0556	12.9316	0.0773
Peru sol	3.9690	0.2520	2.8525	0.3506
Uruguay peso-e	27.202	0.0368	19.550	0.0512
U.S. dollar	1.3914	0.7187	1	1
Venezuela bolivar	5.98	0.167348	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.5753	0.6348	1.1322	0.8833
China yuan	9.4986	0.1053	6.8267	0.1465
Hong Kong dollar	10.8058	0.0925	7.7661	0.1288
India rupee	63.9696	0.0156	45.9750	0.0218
Indonesia rupiah	12930	0.0000773	9293	0.0001076
Japan yen	126.57	0.007901	90.97	0.010993
1-mo. forward	126.56	0.007902	90.96	0.010994
3-mos. forward	126.52	0.007904	90.93	0.010998
6-mos. forward	126.43	0.007909	90.87	0.011005
Malaysia ringgit-c	4.7301	0.2114	3.3995	0.2942
New Zealand dollar	1.9648	0.5089	1.4121	0.7082
Pakistan rupee	118.199	0.0085	84.950	0.0118
Philippines peso	63.900	0.0156	45.925	0.0218
Singapore dollar	1.9647	0.5090	1.4120	0.7082
South Korea won	1598.30	0.0006257	1148.70	0.0008706
Taiwan dollar	44.518	0.02246	31.995	0.03125
Thailand baht	45.993	0.02174	33.055	0.03025

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7187	1.3914
1-mo. forward	1.0001	0.9999	0.7187	1.3913
3-mos. forward	1.0002	0.9998	0.7189	1.3911
6-mos. forward	1.0007	0.9993	0.7192	1.3904
Czech Rep. koruna-b	26.061	0.0384	18.730	0.0534
Denmark krone	7.4447	0.1343	5.3505	0.1869
Hungary forint	271.23	0.003687	194.93	0.005130
Norway krone	8.1664	0.1225	5.8692	0.1704
Poland zloty	4.0047	0.2497	2.8782	0.3474
Russia ruble-d	41.735	0.02396	29.995	0.03334
Sweden krona	10.0989	0.0990	7.2581	0.1378
Switzerland franc	1.4734	0.6787	1.0589	0.9444
1-mo. forward	1.4731	0.6788	1.0587	0.9445
3-mos. forward	1.4725	0.6791	1.0583	0.9449
6-mos. forward	1.4715	0.6796	1.0576	0.9456
Turkey lira	2.0718	0.4827	1.4890	0.6716
U.K. pound	0.8732	1.1452	0.6276	1.5934
1-mo. forward	0.8734	1.1450	0.6277	1.5931
3-mos. forward	0.8738	1.1445	0.6280	1.5924
6-mos. forward	0.8743	1.1437	0.6284	1.5914
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5246	1.9064	0.3770	2.6526
Egypt pound-a	7.5943	0.1317	5.4580	0.1832
Israel shekel	5.1614	0.1937	3.7095	0.2696
Jordan dinar	0.9848	1.0155	0.7078	1.4129
Kuwait dinar	0.4003	2.4984	0.2877	3.4763
Lebanon pound	2087.80	0.0004790	1500.50	0.0006665
Saudi Arabia riyal	5.2179	0.1916	3.7501	0.2667
South Africa rand	10.4306	0.0959	7.4965	0.1334
United Arab dirham	5.1107	0.1957	3.6731	0.2723
SDR -f	0.8955	1.1167	0.6436	1.5538

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
51	**ASIA-PACIFIC**	DJ Asia-Pacific	121.24	1.09	0.91%	-1.5%	39.5%
...	Australia	SPX/ASX 200	4647.89	42.56	0.92	-4.6	35.2
...	China	CBN 600	26646.85	617.53	2.37	-8.3	50.1
18	Hong Kong	Hang Seng	20722.08	449.90	2.22	-5.3	58.6
18	India	Sensex	16496.05	332.61	2.06	-5.5	79.3
...	Indonesia	Jakarta Composite	2604.549	24.298	0.94	2.8	97.3
...	Japan	Nikkei Stock Average	10404.33	33.24	0.32	-1.3	29.4
...		Topix	915.68	2.86	0.31	0.9	15.5
...	Malaysia	Kuala Lumpur Composite	1267.15	3.39	0.27	-0.4	44.5
...	New Zealand	NZSX-50	3135.113	-12.253	-0.39%	-2.9	13.2
9	Pakistan	KSE 100	9627.63	32.39	0.34	2.6	74.0
13	Philippines	Manila Composite	2884.81	20.63	0.72	-5.5	56.1
...	Singapore	Straits Times	2764.84	43.97	1.62	-4.6	61.9
11	South Korea	Kospi	1615.02	19.21	1.20	-4.0	35.1
20	Taiwan	Weighted	7547.98	118.37	1.59	-7.8	71.9
10	Thailand	SET	707.65	13.58	1.96	-3.7	63.4
58	**EUROPE**	DJ Stoxx 600	249.25	-1.55	-0.62	-1.5	28.2
23		DJ Stoxx 50	2493.72	-18.48	-0.74	-3.3	23.7
70	**Euro Zone**	DJ Euro Stoxx	264.52	-2.30	-0.86%	-3.7%	25.2%
21		DJ Euro Stoxx 50	2804.37	-25.64	-0.91	-5.5	22.2
16	Denmark	OMX Copenhagen	338.47	2.01	0.60%	7.2	39.2
20	Finland	OMX Helsinki	6788.36	-12.99	-0.19	5.1	29.8
19	France	CAC-40	3793.47	-18.66	-0.49	-3.6	23.6
23	Germany	DAX	5672.09	-37.57	-0.66	-4.8	26.2
15	Italy	FTSE MIB	22169.25	-244.49	-1.09	-4.6	23.1
...	Netherlands	AEX	333.03	-1.01	-0.30	-0.7	30.7
...	Russia	RTSI	1507.15	8.40	0.56	5.6	192.7
10	Spain	IBEX 35	10888.4	-252.5	-2.27	-8.8	28.2
14	Switzerland	SMI	6553.80	3.68	0.06	0.1	25.4
...	Turkey	ISE National 100	55068.70	-78.94	-0.14	4.2	110.7
15	U.K.	FTSE 100	5253.15	-30.16	-0.57	-3.0	24.2
18	**AMERICAS**	DJ Americas	291.56	-0.45	-0.15	-1.7	38.1
...	Brazil	Bovespa	66901.83	-261.37	-0.39	-2.5	67.3
...	Argentina	Merval	2321.08	-21.74	-0.93	...	111.7
20	Mexico	IPC	31201.88	325.23	1.05	-2.9	59.6

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
		DJ Global Index	222.09	0.26	0.12%	-2.1%	39.7%	-7.8%
1.94%	20	**Global DOW**	1929.64	9.74	0.51	-2.8	37.7	-4.2
2.32		**Asia/Pacific 600**	114.62	0.38	0.33	-0.1	30.4	-8.5
2.32		**Emerging Markets**	269.85	3.99	1.50	-3.6	78.4	1.7
2.32		**Asia/Pacific**	121.24	1.09	0.91	-1.5	39.5	-6.6
2.32		**Asia/Pacific ex-Japan**	300.36	5.51	1.87	-4.8	75.8	-1.4
2.32		**Southeast Asia**	153.07	2.57	1.71	-4.9	79.5	0.0
0.89	27	**CBN China 600** -c	26646.85	617.53	2.37	-8.3	50.1	14.4
0.91	30	**Shanghai**	357.77	7.96	2.28	-7.7	49.7	14.3
0.61	44	**Shenzhen**	389.33	8.41	2.21	-6.5	71.7	21.4
2.32	18	**China Offshore 50**	3834.38	98.07	2.62	-6.0	58.5	5.8
7.40	10	**Australia LPT** -c, d	1166.02	9.23	0.80	0.3	33.7	-22.6

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.11%	15	**Islamic Market**	1933.90	3.27	0.17%	-2.1%	36.8%	-2.9%
2.41	16	**Islamic Market 100**	2075.85	-2.03	-0.10	-2.1	25.9	-3.5
9.37		**Bahrain**	125.37	1.16	0.94	3.0	-8.7	-12.1
2.99	46	**Kuwait**	188.20	-0.56	-0.30	-3.3	-4.0	-17.1
2.64	18	**Sustainability**	976.72	-0.91	-0.09	-3.6	38.7	-8.9
2.53	58	**Stoxx 600 -p**	261.32	3.52	1.36	-3.9	42.2	-10.7
4.09	18	**Stoxx Select Div 30 -p**	1728.33	23.53	1.38	-3.8	42.2	-22.7
3.67	25	**Euro Stoxx Sel Div 30 -p**	2060.50	32.45	1.60	-3.1	48.6	-18.4
1.77	24	**DJ U.S. TSM**	11368.75	-22.53	-0.20	-1.1	35.2	-8.1
4.24	15	**U.S. Select Dividend -d**	643.63	-2.91	-0.45	-1.1	32.4	-11.0
4.87		**U.S. REIT**	140.67	-1.93	-1.36	-3.2	40.7	-21.3
		DJ-UBS Commodity -p	133.00	2.34	1.79	-4.4	21.2	-7.0

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.132	0.628	1.061	6.827	0.719	7.766	45.975	9292.82	90.965	1.412	1148.70	3.399	45.925	1.412	1.059	31.995	33.055
Australia	0.883		0.554	0.937	6.030	0.635	6.859	40.607	8207.88	80.345	1.247	1014.59	3.003	40.563	1.247	0.935	28.260	29.196
Britain	1.593	1.804		1.691	10.878	1.145	12.375	73.257	14807.17	144.944	2.250	1830.34	5.417	73.177	2.250	1.687	50.981	52.670
Canada	0.942	1.067	0.591		6.433	0.677	7.319	43.326	8757.31	85.723	1.331	1082.50	3.204	43.279	1.331	0.998	30.151	31.150
China	0.1465	0.166	0.092	0.155		0.105	1.138	6.735	1361.26	13.325	0.207	168.27	0.498	6.727	0.207	0.155	4.687	4.842
Euro	1.391	1.575	0.873	1.476	9.499		10.806	63.970	12930.03	126.569	1.965	1598.30	4.730	63.900	1.965	1.473	44.518	45.993
Hong Kong	0.129	0.146	0.081	0.137	0.879	0.093		5.920	1196.59	11.713	0.182	147.91	0.438	5.914	0.182	0.136	4.120	4.256
India	0.0218	0.0246	0.0137	0.0231	0.1485	0.0156	0.1689		202.13	1.9786	0.0307	24.99	0.0739	0.9989	0.0307	0.0230	0.6959	0.7190
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0049		0.0098	0.0002	0.12	0.0004	0.0049	0.0002	0.0001	0.0034	0.0036
Japan	0.011	0.012	0.007	0.012	0.075	0.008	0.085	0.505	102.16		0.016	12.63	0.037	0.505	0.016	0.012	0.352	0.363
New Zealand	0.708	0.802	0.444	0.751	4.834	0.509	5.500	32.557	6580.71	64.417		813.45	2.407	32.522	1.000	0.750	22.657	23.408
South Korea	0.0009	0.0010	0.0005	0.0009	0.0059	0.0006	0.0068	0.0400	8.09	0.0792	0.0012		0.0030	0.0400	0.0012	0.0009	0.0279	0.0288
Malaysia	0.294	0.333	0.185	0.312	2.008	0.211	2.284	13.524	2733.58	26.758	0.415	337.90		13.509	0.415	0.311	9.412	9.723
Philippines	0.022	0.025	0.014	0.023	0.149	0.016	0.169	1.001	202.35	1.981	0.031	25.01	0.074		0.031	0.023	0.697	0.720
Singapore	0.708	0.802	0.444	0.752	4.835	0.509	5.500	32.560	6581.31	64.423	1.000	813.53	2.408	32.525		0.750	22.659	23.410
Switzerland	0.944	1.069	0.593	1.002	6.447	0.679	7.334	43.418	8775.92	85.905	1.334	1084.80	3.210	43.370	1.333		30.215	31.216
Taiwan	0.031	0.035	0.020	0.033	0.213	0.022	0.243	1.437	290.45	2.843	0.044	35.90	0.106	1.435	0.044	0.033		1.033
Thailand	0.030	0.034	0.019	0.032	0.207	0.022	0.235	1.391	281.13	2.752	0.043	34.75	0.103	1.389	0.043	0.032	0.968	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of February. 03, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	26	**ALL COUNTRY (AC) WORLD***	292.26	-1.28%	-2.4%	40.5%
2.50	27	**World (Developed Markets)**	1,144.96	-1.37	-2.0	36.5
1.80	116	**World Small Cap**	189.90	-1.46	-0.1	53.3
2.60	22	**Kokusai (World ex-Japan)**	1,129.11	-1.28	-2.6	39.2
3.00	27	**EAFE**	1,536.12	-1.47	-2.8	37.8
2.10	20	**Emerging Markets (EM)**	940.43	-0.66	-5.0	77.6
2.60	22	**AC ASIA PACIFIC EX-JAPAN**	388.94	-0.29	-6.6	70.4
2.10	22	**AC Far East ex-Japan**	420.24	0.06	-6.6	63.9
1.70	-36	**Japan**	572.47	1.72	0.7	17.0
2.00	19	**China**	59.85	0.26	-7.7	59.9
0.90	37	**China A (China Domestic)**	3,009.09	-0.33	-11.0	56.1
2.70	22	**Hong Kong**	9,636.88	0.45	-5.3	46.3
1.00	20	**India**	658.22	-1.40	-6.9	81.5
1.10	16	**Korea**	453.69	-0.77	-5.6	41.8
2.40	19	**Malaysia**	464.23	0.13	-1.2	41.8
3.10	17	**Singapore**	1,514.44	-0.72	-6.8	53.7
2.60	232	**Taiwan**	269.17	-0.74	-9.0	68.6
3.00	18	**Thailand**	281.90	-0.77	-6.6	57.8
4.00	24	**Australia**	949.36	1.69	-5.2	30.4
5.40	16	**New Zealand**	83.93	-0.32	-3.8	4.7
1.90	32	**US BROAD MARKET**	1,225.60	-1.26	-0.9	36.2
3.40	17	**EUROPE**	87.00	0.93	-1.4	30.0

*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Wednesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average
Japan 10404.33
▲ **0.32% or 33.24**

The index advanced as exporters rose on strong U.S. data and investors switched to Toyota rivals Honda, Mazda and Nissan as its recall problems deepened.

Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**111.26**	178	–2	–1.11
Toshiba	**82.13**	453	–5	–1.09
Nomura Hldgs	**55.65**	685	–20	–2.84
Nippon Yusen	**47.27**	328	9	2.82
Hitachi	**45.37**	310	–1	–0.32

CBN 600
China 26646.85
▲ **2.37% or 617.53**

Banks rose as worries about Beijing's credit-tightening moves eased and despite a Fitch downgrade of China Merchants Bank and China Citic Bank the previous day.

Stock	Volume in millions	Close	Change Net	Change %
Icbc	**195.60**	4.92	0.12	2.50
HainanExpressway	**190.63**	10.10	0.92	10.02
China State Con	**153.73**	4.22	0.03	0.72
GuangdongBaolNwEn	**142.16**	11.11	1.01	10.00
United Network	**129.06**	6.75	0.08	1.20

Hang Seng
Hong Kong 20722.08
▲ **2.22% or 449.90**

Shares finished broadly higher, tracking gains in the U.S. and China. Chinese state banks helped lead the rise. Among blue chips, market heavyweight China Mobile rose.

Stock	Volume in millions	Close	Change Net	Change %
CNOOC	**314.38**	12.32	1.06	9.41
CCB	**281.13**	6.10	0.10	1.67
Bank Of China	**279.01**	3.84	0.09	2.40
Icbc	**275.03**	5.83	0.13	2.28
PetroChina	**150.58**	9.13	0.29	3.28

Sensex
India 16496.05
▲ **2.06% or 332.61**

Metals, banks and tech shares led the index higher. Copper producer Sterlite Industries and Tata Steel jumped. ICICI Bank and software exporter Wipro also rose.

Stock	Volume in millions	Close	Change Net	Change %
Tata Steel-A	**2.77**	600.40	28.10	4.91
Dlf-A	**1.61**	335.80	9.60	2.94
N T P C-A	**1.47**	209.80	3.75	1.82
Hindalco-A	**1.25**	156.10	4.95	3.27
Reliance Com-A	**1.23**	171.05	2.10	1.24

Asian stocks in the news

Macquarie Grp
Australia A$53.00
▲ **5.2% or A$2.60**

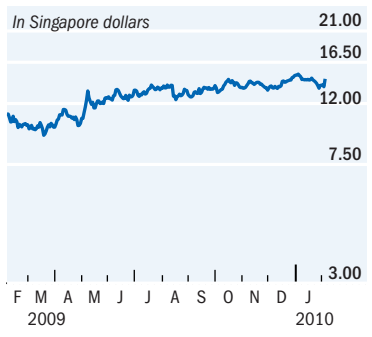
Shares rose amid talk of a potentially bullish operational briefing from the company due Tuesday.

Price-to-earnings ratio	**22**
Earnings per share, past four quarters	**2.43**
Dividend yield	**1.6**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Financial Services	**1.4%**	0.6%	56.3%
Macquarie Grp	**5.2%**	3.2%	131.7%

Singapore Airlines
Singapore S$14.52
▲ **6.3% or S$0.86**

Shares got a boost from stronger-than-expected fiscal third-quarter results.



Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-0.08**
Dividend yield	**2.8**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Travel & Leisure	**1.0%**	-0.1%	15.9%
Singapore Airlines	**6.3%**	7.6%	31.3%

Chugai Pharm
Japan ¥1,750
▲ **7.6% or ¥124**

The company said net profit surged on demand for Tamiflu and rising cancer-drug sales.

Price-to-earnings ratio	**22**
Earnings per share, past four quarters	**78.60**
Dividend yield	**1.9**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Health Care	**0.3%**	-0.4%	15.7%
Chugai Pharm	**7.6%**	6.9%	6.0%

Esprit Hldgs
Hong Kong HK$57.90
▲ **7.9% or HK$4.25**

The retailer's shares jumped on better-than-expected first-half results.

Price-to-earnings ratio	**16**
Earnings per share, past four quarters	**3.72**
Dividend yield	**2.6**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Retail	**0.7%**	-0.4%	30.9%
Esprit Hldgs	**7.9%**	11.9%	53.9%

CNOOC
Hong Kong HK$12.32
▲ **9.4% or HK$1.06**

The energy producer announced an aggressive target of 22% to 27% growth in 2010 production.

Price-to-earnings ratio	**17**
Earnings per share, past four quarters	**0.74**
Dividend yield	**3.2**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Oil & Gas	**2.6%**	2.8%	50.3%
CNOOC	**9.4%**	11.8%	82.5%

Arrow Energy
Australia A$3.66
▼ **1.9% or A$0.07**

JPMorgan reiterated its underweight rating on the firm and lowered its target price.

Price-to-earnings ratio	**7**
Earnings per share, past four quarters	**0.52**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Oil & Gas	**2.6%**	2.8%	50.3%
Arrow Energy	**-1.9%**	-10.7%	68.7%

Fast Retailing
Japan ¥14,560
▼ **3.1% or ¥470**

The company late Tuesday said same-store sales at its domestic Uniqlo chain fell in January.

Price-to-earnings ratio	**21**
Earnings per share, past four quarters	**707.10**
Dividend yield	**1.4**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Retail	**0.7%**	-0.4%	30.9%
Fast Retailing	**-3.1%**	-1.9%	30.3%

Denso
Japan ¥2,701
▼ **3.2% or ¥88**

This Toyota parts-supplying affiliate fell, despite posting strong earnings and raising its outlook.

Price-to-earnings ratio	**32**
Earnings per share, past four quarters	**84.80**
Dividend yield	**1.1**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts	**-1.6%**	-1.9%	47.2%
Denso	**-3.2%**	0.7%	52.9%

Aisin Seiki
Japan ¥2,376
▼ **5.3% or ¥132**

Shares tumbled, even after the Toyota parts-supplying affiliate raised its net profit outlook.

Price-to-earnings ratio	**233**
Earnings per share, past four quarters	**10.20**
Dividend yield	**1.3**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts	**-1.6%**	-1.9%	47.2%
Aisin Seiki	**-5.3%**	-3.2%	78.0%

Toyota Motor
Japan ¥3,400
▼ **5.7% or ¥205**

News that its sales in the U.S. dropped 16% year-to-year in January dragged the car maker lower.

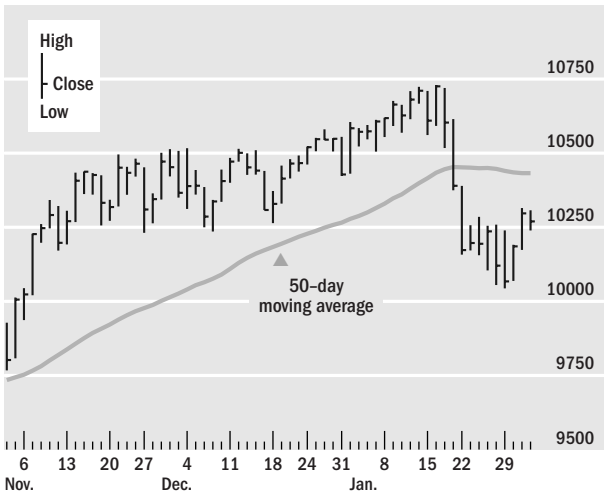
Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-43.50**
Dividend yield	**1.5**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts	**-1.6%**	-1.9%	47.2%
Toyota Motor	**-5.7%**	-8.2%	13.0%

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 17

LAST: **10269.72** ▼ 27.13, or 0.26%
YEAR TO DATE: ▼ **158.33, or 1.5%**
OVER 52 WEEKS ▲ **2,313.06, or 29.1%**



Nasdaq Composite Index P/E: 22*

LAST: **2183.74** ▼ 6.32, or 0.29%
YEAR TO DATE: ▼ **85.41, or 3.8%**
OVER 52 WEEKS ▲ **668.69, or 44.1%**

S&P 500 Index P/E: 31

LAST: **1098.06** ▼ 5.26, or 0.48%
YEAR TO DATE: ▼ **17.04, or 1.5%**
OVER 52 WEEKS ▲ **265.83, or 31.9%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**8.60**	$25.41	-0.28	**-1.09%**
Alcoa	AA	**17.00**	13.59	-0.05	**-0.37**
AmExpress	AXP	**3.60**	38.61	-0.41	**-1.05**
BankAm	BAC	**67.80**	15.61	0.01	**0.06**
Boeing	BA	**1.80**	60.91	-0.61	**-0.99**
Caterpillar	CAT	**3.10**	53.56	0.01	**0.02**
Chevron	CVX	**5.60**	73.53	-0.92	**-1.24**
CiscoSys	CSCO	**25.40**	22.88	-0.14	**-0.61**
CocaCola	KO	**3.00**	54.62	-0.43	**-0.78**
Disney	DIS	**5.50**	30.48	0.50	**1.67**
DuPont	DD	**1.90**	33.31	-0.32	**-0.95**
ExxonMobil	XOM	**10.40**	66.68	-0.28	**-0.42**
GenElec	GE	**37.90**	16.67	-0.18	**-1.07**
HewlettPk	HPQ	**5.10**	48.43	-0.17	**-0.34**
HomeDpt	HD	**7.30**	28.34	-0.69	**-2.38**
Intel	INTC	**21.30**	19.52	-0.24	**-1.19**
IBM	IBM	**1.80**	125.24	-0.29	**-0.23**
JPMorgChas	JPM	**20.20**	40.29	-0.26	**-0.64**
JohnsJohns	JNJ	**4.00**	63.33	-0.66	**-1.03**
KftFoods	KFT	**13.60**	28.51	0.01	**0.04**
McDonalds	MCD	**7.10**	65.34	1.31	**2.05**
Merck	MRK	**7.40**	38.75	-0.79	**-2.00**
Microsoft	MSFT	**22.50**	28.39	-0.07	**-0.25**
Pfizer	PFE	**60.00**	18.48	-0.58	**-3.04**
ProctGamb	PG	**4.50**	62.50	-0.40	**-0.64**
3M	MMM	**1.00**	80.64	0.21	**0.26**
TravelersCos	TRV	**1.40**	50.43	-0.66	**-1.29**
UnitedTech	UTX	**1.90**	67.78	-0.25	**-0.37**
Verizon	VZ	**11.90**	29.06	-0.67	**-2.25**
WalMart	WMT	**6.10**	53.80	0.31	**0.58**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**159.3**	$3.41	$0.00	**0.00%**
SPDR S&P 500	SPY	**81.6**	109.52	–0.86	**–0.78**
BankAm	BAC	**69.6**	15.59	–0.01	**–0.06**
Pfizer	PFE	**68.8**	18.48	–0.58	**–3.04**
SiriusXM	SIRI	**56.3**	0.91	0.00	**–0.49**
SPDR FnclSelSct	XLF	**51.7**	14.39	–0.17	**–1.15**
FordMotor	F	**47.3**	11.47	0.08	**0.70**
PwrShrs QQQ	QQQQ	**41.4**	43.60	–0.05	**–0.13**
GenElec	GE	**38.4**	16.66	–0.19	**–1.13**
Motorola	MOT	**38.4**	6.65	0.10	**1.53**
PNC FnlSvcs	PNC	**35.6**	54.15	–0.50	**–0.91**
DrxFinancBear 3x	FAZ	**33.6**	19.12	0.59	**3.18**
iShrMSCIEmrgMkt	EEM	**29.6**	39.28	–0.35	**–0.88**
WstrnUnion	WU	**26.7**	17.46	–1.39	**–7.37**
Lowes Cos	LOW	**26.0**	21.89	–0.69	**–3.06**

Biggest gainers...

HomeDiagnstcs	HDIX	**9,815.5**	$11.43	$5.38	**88.93%**
AcmePacket	APKT	**5,357.2**	13.55	2.88	**26.99**
3D Sys	TDSC	**202.1**	12.10	1.60	**15.24**
MS Propels S&P	PEL	**5.5**	13.68	1.64	**13.58**
MuellerWater	MWA	**2,707.6**	5.31	0.63	**13.42**

...Biggest losers

Exide	XIDE	**5,762.2**	$5.61	-$2.31	**-29.17%**
MoSys	MOSY	**174.8**	3.67	-0.64	**-14.87**
Versar	VSR	**95.4**	2.77	-0.43	**-13.30**
Vocus	VOCS	**262.5**	14.32	-1.91	**-11.74**
PlanarSys	PLNR	**7.6**	2.71	-0.31	**-10.26**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$91.97	$56.79	**Toyota Motor**	TM	**7,603.6**	$72.10	-6.08	**-7.78%**
4.24	1.65	**Utd Microelectronics**	UMC	**7,504.8**	3.68	0.11	**3.08**
11.69	6.88	**Taiwan Semi**	TSM	**6,952.8**	9.95	-0.01	**-0.10**
82.74	33.09	**BHP Billiton**	BHP	**2,217.5**	72.60	-1.52	**-2.05**
8.19	3.93	**Siliconware Prec Ind**	SPIL	**2,084.0**	6.44	-0.16	**-2.42**
13.30	6.35	**AU Optrncs**	AUO	**1,486.2**	11.11	0.11	**1.00**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**1,124.7**	5.21	-0.13	**-2.43**
5.23	1.51	**Adv Semi Engrg**	ASX	**824.1**	4.02	0.14	**3.61**
15.95	8.65	**China Unicom**	CHU	**807.0**	11.37	0.09	**0.80**
9.50	3.96	**Nomura Hldgs**	NMR	**687.1**	7.55	-0.30	**-3.89**
59.13	22.61	**Infosys Tech**	INFY	**674.0**	53.25	0.18	**0.34**
37.23	20.72	**Honda Motor**	HMC	**648.0**	36.00	1.74	**5.08**
59.22	40.20	**China Mobile**	CHL	**498.8**	48.77	-0.46	**-0.94**
18.20	6.85	**Korea Elec Pwr**	KEP	**459.0**	16.33	-0.39	**-2.33**
35.59	15.64	**Sony**	SNE	**433.8**	34.66	-0.75	**-2.12**
21.78	11.30	**KT Corp**	KT	**418.2**	20.50	-0.75	**-3.53**
18.64	12.59	**SK Telecom**	SKM	**304.7**	17.10	-0.11	**-0.63**
34.27	10.70	**Aluminum Cp of China**	ACH	**268.1**	25.57	-0.59	**-2.26**
150.50	47.09	**POSCO**	PKX	**236.4**	118.36	-0.05	**-0.04**
81.00	38.70	**China Life Ins**	LFC	**229.0**	66.26	-0.88	**-1.31**
25.65	5.11	**Yanzhou Coal Mining**	YZC	**220.4**	20.46	0.48	**2.40**
9.82	5.43	**Telecom Corp of NZ**	NZT	**208.2**	8.36	-0.18	**-2.11**
21.22	16.33	**ChunghwaTel**	CHT@	**142.9**	18.50	-0.13	**-0.70**
94.00	46.45	**China Petro & Chem**	SNP	**113.1**	79.00	-1.51	**-1.88**
135.92	63.94	**PetroChina**	PTR	**100.3**	115.57	-0.73	**-0.63**
4.68	1.50	**SemiMfgInt**	SMI	**94.0**	4.32	0.10	**2.37**
17.39	13.11	**NTT DoCoMo**	DCM	**93.2**	15.56	0.04	**0.26**
17.19	10.60	**Matsushita Elec**	PC	**90.4**	16.11	-0.30	**-1.83**
43.95	21.23	**Canon**	CAJ	**89.5**	40.21	-0.21	**-0.52**
171.59	75.59	**CNOOC**	CEO	**289.6**	157.36	6.62	**4.39**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

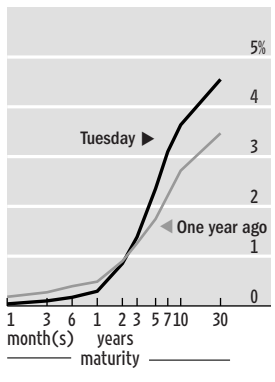
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points: Latest	Previous	Month ago	Year ago	YIELD: Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.445%**	**357.4**	354.8	326.3	**152.6**	**4.395%**	4.411%	**2.503%**
4.500	10	**5.535**	**185.6**	187.2	189.3	**133.1**	**5.520**	5.730	**4.218**
5.000	**Austria** 2	**1.652**	**78.1**	74.5	63.4	**50.4**	**1.592**	1.782	**1.481**
3.900	10	**3.699**	**2.0**	2.9	4.3	**139.3**	**3.677**	3.880	**4.280**
2.000	**Belgium** 2	**1.453**	**58.2**	57.0	-0.2	**48.4**	**1.417**	1.146	**1.461**
3.750	10	**3.771**	**9.2**	8.9	-11.5	**152.4**	**3.737**	3.722	**4.411**
1.500	**Canada** 2	**1.303**	**43.2**	44.6	33.2	**35.5**	**1.293**	1.480	**1.332**
3.750	10	**3.438**	**-24.1**	-29.3	-22.5	**18.7**	**3.355**	3.612	**3.074**
4.000	**Denmark** 2	**1.889**	**101.8**	103.6	97.4	**157.5**	**1.883**	2.122	**2.552**
4.000	10	**3.562**	**-11.7**	-11.1	-18.6	**86.5**	**3.537**	3.651	**3.752**
3.750	**France** 2	**1.199**	**32.8**	34.9	9.2	**65.3**	**1.196**	1.240	**1.630**
3.750	10	**3.483**	**-19.6**	-19.9	-23.5	**93.2**	**3.449**	3.602	**3.819**
1.250	**Germany** 2	**1.134**	**26.3**	29.3	18.0	**50.6**	**1.140**	1.328	**1.483**
3.250	10	**3.218**	**-46.1**	-45.7	-45.6	**42.5**	**3.191**	3.381	**3.312**
0.550	**Hong Kong** 2	**0.686**	**-18.5**	-15.6	-53.6	**-22.2**	**0.691**	0.612	**0.755**
2.160	10	**3.068**	**-61.1**	-57.6	-117.7	**-111.0**	**3.072**	2.660	**1.777**
5.000	**Italy** 2	**1.817**	**94.6**	100.1	41.7	**127.4**	**1.848**	1.565	**2.251**
4.250	10	**4.075**	**39.6**	40.5	30.2	**171.7**	**4.053**	4.139	**4.604**
0.200	**Japan** 2	**0.165**	**-70.6**	-68.2	-99.8	**-51.2**	**0.165**	0.150	**0.465**
1.300	10	**1.365**	**-231.4**	-229.3	-254.6	**-158.9**	**1.355**	1.291	**1.298**
2.500	**Netherlands** 2	**1.189**	**31.8**	35.0	-27.9	**81.5**	**1.197**	0.869	**1.792**
4.000	10	**3.425**	**-25.4**	-25.3	-28.1	**110.3**	**3.395**	3.556	**3.990**
3.200	**Portugal** 2	**2.443**	**157.2**	143.5	27.4	**98.1**	**2.282**	1.422	**1.958**
4.750	10	**4.724**	**104.5**	81.9	22.8	**167.6**	**4.467**	4.065	**4.563**
5.350	**Spain** 2	**1.791**	**92.0**	96.0	43.3	**134.0**	**1.807**	1.581	**2.317**
4.000	10	**4.107**	**42.8**	40.3	15.0	**149.1**	**4.051**	3.987	**4.378**
2.750	**Switzerland** 2	**0.528**	**-34.3**	-31.2	-53.2	**-47.8**	**0.535**	0.616	**0.499**
2.250	10	**2.013**	**-166.6**	-163.5	-182.0	**-76.0**	**2.013**	2.017	**2.127**
3.250	**U.K.** 2	**1.207**	**33.6**	37.5	14.2	**66.7**	**1.222**	1.290	**1.644**
4.500	10	**3.905**	**22.6**	26.0	17.6	**85.9**	**3.908**	4.013	**3.746**
0.875	**U.S.** 2	**0.871**	**...**	...	...	**...**	**0.847**	1.148	**0.977**
3.375	10	**3.679**	**...**	...	...	**...**	**3.648**	3.837	**2.887**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.551%**	16.20	–0.64 %	1.78 %	1.78 %	–13.36 %
10-year Treasury	**3.637**	8.18	–0.19	1.98	1.98	–4.14
7 Year Treasury	**3.100**	6.24	–0.06	2.26	2.26	...
Five-year Treasury	**2.357**	4.70	...	1.65	1.65	1.51
Ryan Index	**2.647**	6.70	–0.16	1.60	1.60	–1.62
3 Year Treasury	**1.386**	2.88	–0.02	1.12	1.12	2.80
Two-year Treasury	**0.851**	1.97	–0.03	0.75	0.75	2.15
1 Year Treasury	**0.295**	0.94	...	0.20	0.20	1.23
Six-month Treasury	**0.173**	0.50	...	0.03	0.03	0.64
Ryan Cash Index-a	**0.152**	0.44	...	0.06	0.06	0.60
Three-month bill	**0.101**	0.25	...	0.01	0.01	0.38
One-month bill	**0.041**	0.08	...	...	...	0.15

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.00
Japan	**1.475**	1.475
Britain	**0.50**	1.50
ECB	**1.00**	2.00
Switzerland	**0.52**	0.54
Australia	**3.75**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.22906%**	0.44500%
Three month	**0.24906**	1.23563
Six month	**0.38375**	1.77375
One year	**0.84625**	2.08875

	Latest	52 wks ago
Euro Libor		
One month	**0.38563%**	1.70500%
Three month	**0.60625**	2.05125
Six month	**0.92625**	2.14500
One year	**1.20625**	2.23750
Hibor		
One month	**0.07000**	0.34571%
Three month	**0.13000**	0.95000
Six month	**0.24857**	1.30071
One year	**0.53857**	1.70000
Asian dollars		
One month	**0.2436%**	0.47%
Three month	**0.2586**	1.2400
Six month	**0.4000**	1.7650
One year	**0.8560**	2.0800

	Offer	Bid
Eurodollars		
One month	**0.3000%**	0.2000%
Three month	**0.3300**	0.2300
Six month	**0.5500**	0.3500
One year	**0.8500**	0.5000

	Latest	52 wks ago
U.S. discount	**0.50%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.18%**	0.28%
U.K. (BBA)	**0.487**	1.463
Euro zone	**0.30**	1.20

Sources: WSJ Market Data Group; Reuters

HEARD ON THE STREET

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In India, offers fall well short of P-word

India is in the midst of what will be its biggest campaign to sell off state-owned assets since 1991. Just don't think of this as privatization.

The latest sale, a $1.8 billion block of **National Thermal Power** Corp. shares owned by the Indian government, kicked off Wednesday. For that sum, New Delhi will give up 5% of the company, retaining control of nearly 85%.

Last year, New Delhi raised $1.8 billion via two stock offerings, and there are more to come. Three other offerings, valued at about $6.5 billion, are expected by the end of March, and the finance ministry has identified nearly 60 companies in which the government will divest small holdings over the next three years.

The share sales by the government are a fund-raising exercise, not a shift toward less state control.

The moves are welcome in a country looking to fund a yawning fiscal deficit. New Delhi's timing also looks fortuitous: Indian stocks are approaching historic highs.

On Wednesday, investors snapped up half the NTPC offering within an hour of the subscription's opening. State-run companies might be stodgy, but they are also stable, which appeals to foreign investors dipping into India.

Still, the small stakes up for grabs—5% or 10% of the companies in question—make this a fund-raising exercise rather than a meaningful shift toward less state control. Given India's political scene, it is the best anyone can expect.

Previous efforts toward privatization have become mired in political feuding, largely thanks to opposition from powerful labor unions and left-leaning parties. Even successful moves, such as a 51% stake sale in Bharat Aluminium Co. in 2001, met stiff resistance in Parliament before passing.

Along the route, many ambitious plans, such as one to divest the government's holding in national carrier Air India, were lost entirely.

Apart from some scattered deals, the past 18 years have largely been devoid of any notable sales by the government.

Investors are eager for the potential to buy some of India's biggest companies, which are bolstered by their state backing and conservative operations. For the same reason, offloading a big chunk of these family jewels is a hard sell in Parliament.

The P-word has never been popular there. That isn't likely to change soon.

—Harsh Joshi

A piece of India's pie

Recent and expected stake sales of state-owned companies

Company	Industry	Deal size, in billions of U.S. dollars	Date
NMDC	Mining	$3 billion	mid-March 2010
NTPC	Energy	$1.8	Feb. 3, 2010
NHPC	Hydro power	$1.3	Aug. 7, 2009
Rural Electrification Corp.*	Energy	$1	Feb. 19, 2009
Oil India	Oil and gas	$0.6	Sept. 8, 2009
SAIL	Steel	TBA	TBA
BSNL	Communication	TBA	TBA

*The government will get $325 million from the REC sale. The rest will go to the company via fresh issue of equity.
Source: Dealogic; Department of Disinvestment, Government of India

Fitch is merely scratching itch

After the flood, the ratings agencies get nervy.

That's one interpretation of Fitch Ratings' decision to downgrade **China Merchants Bank** and **China Citic Bank**. Fitch is worried about the strain that a lending splurge last year is putting on their capital positions, even though CMB, for one, is in the process of raising $3.2 billion.

In truth, the downgrades are a catch-up exercise for Fitch, placing the lenders on the same footing as most Chinese banks. And it's not alone in showing caution. Moody's average rating for Chinese banks' financial strength is D-minus.

The concern is whether recent improvements in the way banks are run have been enough to match the increase in risk on their balance sheets. None are expecting immediate answers: Warnings of a large rise in nonperforming loans at Chinese banks are based on the assumption that the music will stop, and their vulnerabilities will be revealed all at once. In reality, the process could take some time.

Fitch's heightened caution is neither wholly new, nor likely to prove temporary. *—Andrew Peaple*

Oil's 'axis of upheaval' signals lower demand

Davos, Washington, Sydney, Tehran: Call them the oil market's axis of upheaval.

Crude oil's rally this week sits oddly with a string of bearish messages from the axis in recent days. Tony Hayward, chief executive of **BP**, said this to Dow Jones Newswires during last week's World Economic Forum in Davos, Switzerland: "We will never sell more gasoline in the U.S. than we sold in 2007."

Despite two years of declines, the U.S. still accounts for 22% of world oil consumption. As if to back up its CEO's comments, BP on Tuesday reported fourth-quarter earnings weighed down by lousy refining margins, a potent expression of lackluster final demand for fuels.

Washington is doing its bit to hold back demand. President Obama's State of the Union address re-emphasized his focus on "clean energy," including continued support for the oil-unfriendly Waxman-Markey climate-change bill.

This is an important rejoinder to those, like Mr Hayward, who see surging demand from China offsetting declines elsewhere. Ahmad Abdallah, analyst at GaveKal Research, calculates that transportation efficiencies could knock five million barrels a day, or 15%, off combined oil demand in the U.S. and Europe by 2020. Even if China's demand for transportation fuel keeps increasing at the same average rate of the past decade, that only adds up to an incremental 4.8 million barrels a day by 2020, Mr Abdallah said.

Several signals suggest it is unlikely that growth in Chinese fuel demand will maintain its breakneck pace.

The latest came from Sydney, in the form of the Reserve Bank of Australia's surprise decision to hold its benchmark cash rate at 3.75% after several increases. Beijing's incremental efforts to rein in rampant domestic credit have been enough to make Australia's central bank cautious about the impact on China's demand for raw materials, of which Australia is a big supplier.

Quite apart from this near-term headwind to commodities prices, China's moves reflect anxiety about the potential for a sharp rise in bad debts. Fitch Ratings downgraded two Chinese banks Tuesday, citing "last year's very rapid loan growth."

The supply side of the picture also is of concern. Citing local media, Reuters reported this week that Iran's oil-and-gas revenue dropped 45.5% in the first six months of the country's fiscal year, which began in March. Facing domestic and international pressures, it will be tempting for Tehran to pump more oil for cash, exacerbating already low compliance with production quotas by members of the Organization of Petroleum Exporting Countries.

Oil bulls, perhaps with that other axis in mind, might reply Iran represents a geopolitical wild card potentially causing oil prices to rise. Maybe so, but the long-term effect of conflict-induced price increases has been to reinforce consumers' desire to use less oil.

—Liam Denning

60 countries to research and trade
$4 billion in positions to finance
1 integrated solution needed
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